



JUNGLE SCENE NEAR BALIK PAPAN.

[*Frontispiece*

THE FAR EAST REVISITED

ESSAYS ON
POLITICAL, COMMERCIAL, SOCIAL, AND GENERAL
CONDITIONS IN MALAYA, CHINA, KOREA
AND JAPAN

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P R E F A C E .

IN China *The London and China Express* is taken at all the ports and places at which Europeans are found, and is considered an admirable summary of the world's news and the views of the time for readers in the Far East. The Editor, Mr. Angier, having visited the Far East more than once, paid it yet another visit last year, and wrote a series of letters while travelling, which he now purposes republishing in book form under the title of "The Far East Revisited." Having read several of the letters as the papers containing them arrived in China, they appeared so valuable that it then seemed a pity to either throw them away or preserve them only on an inconvenient newspaper file: their re-appearance now in convenient book-form, and embellished by illustrative plates, is both opportune and welcome, and there need be no hesitation in recommending them to all who are interested in the affairs of the Far East—a class of readers whose numbers daily increase. Mr. Angier

describes places and communities in a graphic manner, and deals with occurrences intelligently and fairly. Besides, he had the advantage of revisiting that important quarter at a time when the new forces let loose by this century were and are arranging themselves in logical continuity for further evolution, and what he has said of the condition and doings brought to his notice is well worth the attention both of students and practical men, and will also be found informing and interesting by the general reader : he had seen the localities and people before, and was accordingly able to illuminate both past and present with each other's light, so that the comparison thus made gives additional value to all he writes, whether as record or forecast.

Books of this kind have a singular appropriateness at this moment in a record-making epoch. The East is up and awake, and the foundations are being laid for a fuller share in the work of the world, and for more intimate relations with all that concerns international intercourse and the influence one nation can exert on all others. Change is in the air, and developments will daily be more and more important, and whatever tends to clearness of ideas as to what is, or helps to guide thought toward what is to be, will not fail to find its place in the general scheme of things. "The Far East

Revisited " is such an aid, and its writer has done the public a service in thus reproducing the outcome of personal travel and observations made on the spot.

It is not proposed in this foreword to discuss any of the many subjects these republished letters deal with, and what is above said may be brought to a conclusion by asking for sympathy with the Far East in its march from the seclusion of past centuries towards the full brotherhood of future times, and by reminding those who are more especially affected by the expansion of trade and commercial intercourse that the study of a people's wants is of even more importance than an exhibition of one's own productions. Reasonableness never fails to meet with eventual appreciation, and the interplay of demand and supply cannot but derive benefit from, and be facilitated and fostered by, a mutual understanding between producers and consumers, and "The Far East Revisited " is a contribution to both one and the other.

ROBERT HART.

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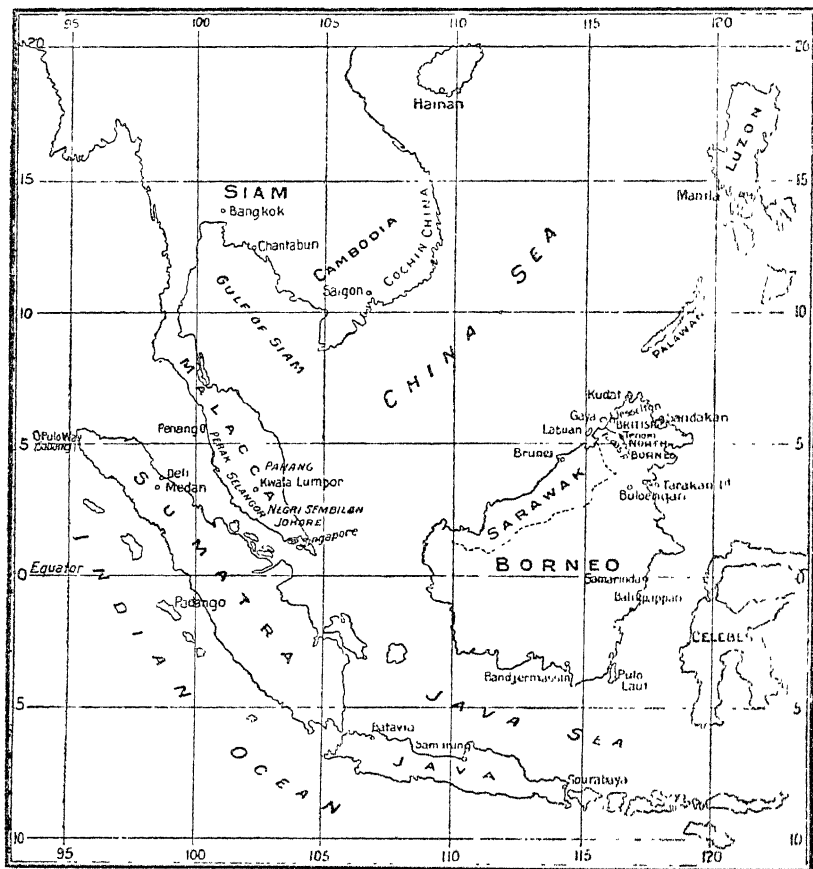
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PART I.—MALAYA.



Sketch Map indicating Countries and Ports dealt with under Malaya.

CHAPTER I.

THE STRAITS SETTLEMENTS.

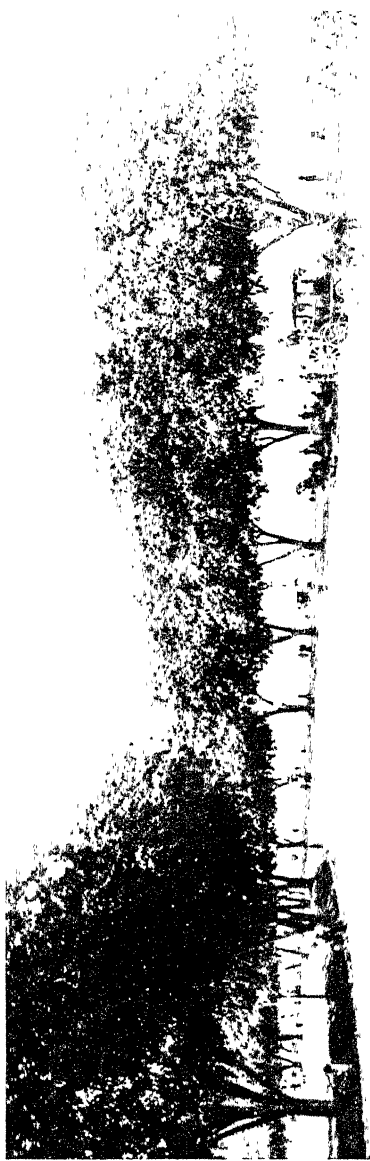
Singapore—General Position and Prospects—Facilities for handling Trade—Docks and Harbour Works—Finances of the Colony—Competition with Neighbouring Ports—Material Progress—Railway—Johore Exchange—Penang—Growth and Prospects—Shipment Facilities—Pier and Godowns—Praya Reclamation—Paya River Dock—Malacca—Legislative Council—Increased Unofficial Representation.

IT will be unnecessary to detail the ways and means of reaching the important colony of the Straits Settlements. Suffice to say, that the usual way is *via* the Suez Canal, and that there are several lines of mail steamers, and many other less pretentious craft, that make its harbours a place of call.

The leading port is Singapore, and the impression formed in my mind, as a result of this visit, was that it was not in its happiest mood. Something seemed to have—temporarily only, let us hope—arrested the quiet progress of what had always struck me as a smooth-running, money-making machine. Indeed, one was constrained in times of yore to twit the community with some lack of enterprise. It found a moderately even flow of dollars—albeit that those dollars at one time fell to 1s. 6d.—coming in tolerably easily, and it allowed many lines of business to slip away into Chinese hands; or it permitted other than local companies to gather in such profits as pertained to writing insurance risks on shipping and fire, the premiums on which should have been in their own coffers. Something seemed to be now clogging the machine. People wore a more restless air,

instead of exhibiting that calm contentment which had been the dominating feature of the Singapore I had known at intervals for nearly thirty years. I am not content, however, to take Singapore at its own general valuation for the moment, but rather side with the smaller number of those having real interests at stake, who truly, and I think justly, believe that the place is still sound at core. It will take a great deal yet before Singapore relinquishes its almost unrivalled position. It has still to live and look for its profits as a transshipment port. As such its life largely consists on the degree of cheapness with which it can carry out all its operations—mercantile, banking, stevedoring, and docking and repairs to shipping. When once the great port of Singapore has been placed in a position to fear no rival in the facilities it will offer to trade, and in the accommodation, the rapid loading and discharge, the docking and repair of ships, it need not fear its future. "Provide these facilities, and keep them just a little ahead of the requirements of the day, and I feel confident that Singapore and Penang, with all the advantages with which Nature has endowed them, will more than justify an expenditure too long delayed," recently said Sir Frank Swettenham, its former Governor. True, the settling of exchange at 2s. 4d. to the dollar has not so materially assisted as, I should maintain, the ideal rate of 2s. 0½d. would have done. The rate fixed has been a blow at the maintenance of one of the cheapest handling ports in the world.

There are foreign critics who are insistent in their views that Singapore is a dying port. It was my privilege to meet two or three prominent visitors, one of whom is at least of European political eminence, who seemed to be quite persuaded that Singapore had seen its day, and was already decadent. I took the liberty of drawing a simile between the Home country before, and after, the opening of the Suez Canal; and the Singapore of the past on the one hand, and of its prospects on the other. It is well known that the strong political



THE ESPLANADE, SINGAPORE

enmity of Great Britain to the construction of the Suez Canal was not directed to either the feasibility of the Canal, or its probable usefulness as a waterway when constructed. Up to 1869 England had occupied the profitable position of the warehouse in Europe for the entire Eastern trade. What the Continent required, of the goods thus brought, was almost entirely purchased in Great Britain. The possible construction of the canal threatened the cessation of that monopoly. That this was a correct view has been exhibited by events. The loss to Great Britain was very real, but that country has not ceased to be a great trading nation, nor has her trading been altogether unprofitable. What was diverted from her has been made up by growth in other sections, and in constantly increasing volume of trade generally. My own opinion is that Singapore will exhibit somewhat similar characteristics. She has lost to neighbouring Dutch ports; part of her trade with Bangkok is gone, as well as in some other minor directions, the practical monopoly of which she was at one time possessed. But she has not ceased to trade, nor is it likely that she will do so. As was the case with Great Britain and the Suez Canal, so it is with Singapore and her commerce. The growth of the trade of which Singapore was formerly practically the sole centre, has so increased, and will, in the natural order of things, so increase, as to permit of all securing a sufficient share to ensure that each can live. It may be that it will not always be British firms that will be doing the trade, and the growth of Dutch banks and companies betokens that it may not be; but the port of Singapore, as a whole, will be transacting it.

The expenditure to which the colony has committed itself in the last two years exceeds eight millions sterling. Of the amount, roughly speaking, three millions and a half were required for the expropriation of the Tanjong Pagar Dock; two millions more are for the new Tanjong Pagar works, dock, etc.; the Singapore harbour works entail one million and a quarter; the Singapore Municipal

waterworks required half a million ; and a sum is being spent on the Penang Pier extension and the Prye River scheme. For the latter it is intended to bring the railway to the wharf and improve the facilities for landing and shipping cargo, as also to place the repairing shops in a better condition to deal with current work. The long-talked-of improvement scheme for the Singapore River has been shelved for the present, in view of the great expenditure to which the colony is committed. There had already been some little rift in the lute over the betterment principle, which the Chinese had failed to appreciate. All the leading firms have godowns on the river, but Chinese are the largest holders of riverine property. The ten-year-old contentions whether the bed should be deepened, and the retaining walls carried down lower, whether the bridge levels should be raised, or whether a lock should be constructed near the entrance to the river, may all break out again at any time. In view of financial considerations, it was sought to postpone the harbour works. If these are necessary to the economical working of the port, Singapore could not afford to allow their construction to be retarded, and from this point of view it is, perhaps, well that arrangements could not be come to with Sir John Jackson to cancel the contract.

The general condition of the finances of the Colony may be stated to be fairly satisfactory, and it can stand the burden of the borrowing for which it received powers from the Legislative Council. It should not be overlooked, however, how considerable a proportion to the total revenue is represented by the sum received annually by the opium farm. China is presumably sincere in her protestations and endeavours to stamp out the growth and consumption of opium in China. Orders from the Home Government have decreed that opium receipts must go. The Straits Settlements will have to devise other means of raising revenue.

The Tanjong Pagar Docks and wharves have had



PART OF ESPLANADE, WITH CATHEDRAL IN BACKGROUND, SINGAPORE

much attention bestowed on them of recent years. The wharfage accommodation of Singapore is comprised in the Tanjong Pagar premises, the only other berthage being the P. and O. wharf, which is naturally for the company's own steamers. Extensive as the line of wharves is, it is inadequate to the requirements of the port. The scheme to increase it is now being carried out, the main additional berthing spaces being supplied by the utilisation of the space between Keppel Road and the existing wharf line, which is now a lagoon. This will provide room for a great wet dock, and will be a considerable scheme, worthy of being successor to an undertaking that has, in its history, absorbed the Raeburn Estate, the Borneo Company's wharf, and the New Harbour Dock Company. If previous developments have been considerable, it has for years been abundantly evident that further progress must be made. Included in the extension scheme is a gigantic new dry dock. This will be 837 feet long, with an entrance width of over 100 feet, and a depth of water on the sill of 35 feet at H.W.O.S.T. This dock, when not required at its full capacity for large vessels, will be divided into two parts by a caisson, giving lengths of 544 feet and 287 feet respectively, into which lesser vessels can be admitted. A comprehensive scheme for more economical working, by electric drive, and concentration of plant at New Harbour and in the vicinity of the new dock, the situation of which is between the Borneo Wharf and St. James's, is being proceeded with. All heavy work will in future be undertaken at New Harbour. As regards the general working of cargo over the wharves, coaling, etc., much has been done of recent years, as well as repairs and rebuilding of the wharves. More has yet to be, and is being, done to bring still further the general scheme of working and arrangement of sheds up to date. Incidentally, the new works will reclaim 120 acres of land, which detracts somewhat from the utility of harbour reclamation at a time when the colony needs all its resources. It is

evident that Tanjong Pagar officialdom has not slumbered since the property was acquired for the Government. The fleet of cargo lighters has also been much increased and improved, and the Dock Board aims at a monopoly of that kind of traffic. Another addition to the general facilities has been a new salvage tug and steamer, which bids fair to be an extremely useful vessel that will well repay the cost of construction.

The general commercial position in Singapore during the last two or three years has given rise to considerable anxiety, more especially to import houses, and the whole course has led to a rather pessimistic feeling. It is suffering now from the same causes that affect the whole world. The rice trade, formerly so conspicuous in Singapore, may be going direct to the ports that Singapore previously supplied; freights may be arranged direct for, say, Macassar, and other outlying ports, but Singapore still continues a busy scene of activity. You do not see an idle, unemployed population; rather do you see the bullock cart and the coolie everywhere at work, transporting or carrying bale or package. The rice bags may be fewer, but there is bustle everywhere in the streets, whilst the harbour is full of shipping. Still Singapore has lost to Netherlands India; and Dutch markets that had hitherto been customers in Singapore made themselves independent of that market. Import houses were not slow to establish themselves, and the Dutch banks found it worth while to open branches at such places as Palembang, Bandjermassin, and Pontianak. Besides Borneo, Sumatra, and Java, thus operating for themselves, the number of import houses doing direct trade at Bangkok has increased. Exchange, of course, was only one of the factors, and one cannot hope, though the rate is now fixed, that it will be the means alone of recovering something of what has been lost. It is true that the increasing influence of Macassar, Sourabaya, Bandjermassin, Batavia, Palembang, and other places has had a marked influence on Singapore as a distributing

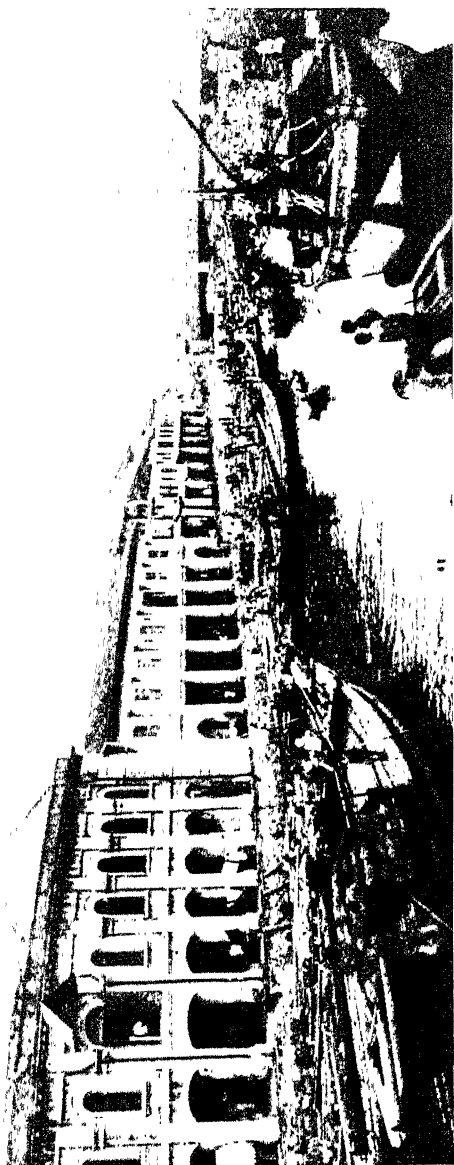
centre, but if Singapore's buying powers can keep up it need not fear that its sales will not be maintained.

A matter that might suggest more uneasiness to both Singapore and Penang arises from the withdrawal of capital from Chinese dealers. A good many of the towkay seniors of firms have died or returned to China of recent years. This means capital withdrawn, as they took their money away with them. Profits, I am told, also go back to China instead of being invested to the same extent locally as before. It is, of course, only what the European is himself doing as often as he possesses the chance of his overdraft being converted into realised profits. In the case of Chinese, in most instances they have taken in reality more than was due to them, for it is usually the case with both Chinese and Klings when compiling their balance-sheets to make little or no provision for bad or doubtful debts. There is another influence at work against Singapore retaining its leading position as an emporium. This is the much stronger relations that have been established of late years between dealers in the colony and those in the outports.

To every exporter, a matter that commands a good deal of attention, and to which has been attributed, rightly or wrongly, a portion of the depression of trade in the Straits, is the level maintained in homeward freights. The maintenance of these rates is brought about by the Shipping Conference. That Conference having established a monopoly has, in the opinion of many competent persons, been the means of deflecting some portion of the trade that hitherto pertained to Singapore. Most people are decided that owing to lower rates from Dutch ports—and Macassar is usually cited as a leading example—merchants have been able to ship directly to Europe and America cheaper than, as heretofore, *via* Singapore. The natural result was the produce that formerly came to Singapore went to Macassar and other ports for shipment. The practical cessation of the Bugis fleet, formerly a feature in Singapore trade, is

the most glaring instance that is brought up. The corollary of the matter comes in this way: that where the native sells his produce, there he buys also his imports, whether necessities of life or small luxuries that the foreign merchant can tempt him with. The result is Singapore's double loss. There are some who aver that the Conference rates are so pressing on the producer and exporter that the shipowner is killing the trade on which he now lives, and that he may eventually find there is little to carry, though his sailings and available tonnage may be admirably organized. This is an extreme view, but that freight has been driven away is well known to every merchant and shipowner. The impression I gained was that whilst the average firm—apart from the half-dozen who profit by an arrangement for a return of freight which does not come to the outside person—may inveigh against the Conference system, he is not unreasonable. (The system by which a few favoured firms obtain a bonus over their competitors as a return for their support cannot in the long run be a justifiable proceeding.) What he asks for is a fair rate which will enable him to maintain the position, at least in part, he formerly held *vis-a-vis*, say, the neighbouring Dutch ports. He looks on reasonable rates in freights as being as necessary to Singapore as a capacity to handle goods and ships and docks cheaply. The whole should produce Singapore's greatest asset—the ability to work at moderate cost. This really constitutes the spirit and essence of Singapore's contract to live.

In material ways there are a few matters to note in Singapore. The wing of the buildings composing the new Victoria Hall was approaching completion, and the clock in the tower had commenced its functions. Near by was the elegant new pavilion of the cricket club, at the end of the Esplanade. The building itself is attractive, and affords greatly extended accommodation, though it must have been a serious draw on the resources of the club. Hard by, again, is the big block of the Hôtel de l'Europe,



PHL SINGAPORE RIVER

half of which was opened, and the other half well on the way towards completion. The neighbouring caravanseraï, Raffles' Hotel, is constructing a new billiard-room, with a garden promenade on the roof as a feature. In other directions Singapore has also increased its capacity for housing strangers.

The railway across the island to Kranji has been working for some time, and, judging by the traffic I saw on it, should pay well. It is not otherwise much to boast of, and its cost seems to have far exceeded what was apparently necessary, had it not been seemingly obligatory that it should be constructed under the most expensive auspices that could be found. The terms on which it was made were not nearly so favourable to the Government, and consequently to the public, as might have been secured many years earlier. It will doubtless have more traffic to handle when the line to Johore is completed. To Johore this line should mean much, and the State should be thankful that it has a neighbour with financial resources to spare, by which, though partly for its own purposes, it is willing to undertake so beneficent a work. It will be at no cost to Johore, but it will open out the country and give facilities that are already being availed of for rubber planting, and may possibly lead to an extended production of tin. Whilst mentioning Johore, I may note that the town has been improved, and that it exhibits a fairly prosperous and well-to-do air.

Reverting to Singapore I would note, despite the less prosperous condition of the last few years, the proverbial hospitality of the residents remains as of yore. There are changes to note socially with the growth of the various classes of the community. They are large enough now to have grown into more pronounced cliques. There is change to note also in the groups of people who congregate round the Esplanade during that last hour of daylight when the men had left their offices, and ladies came down in their carriages and looked on at whatever sport

was in progress, chatted with their friends, or strolled about. It is now quite the exception to see European women assembled there at their once fashionable resort. The Chinese flock to this place, and whilst some know the conventional decencies, there are others who make the spot so undeleactable by their omission of manners, and commission of objectionable acts, that the white woman has had to abandon the place to them. The character of the formerly popular lounge has been quite altered. In the way of sports, whether on the Esplanade or at the clubs, young Singapore—the white division, I mean—is very vigorous, and maintains previous reputations. I was sorry to see, however, little inclination or keenness to associate themselves with the political and more serious worlds in the place. The younger generation do not seem to be so “Far Eastern,” if I may so express it, as their forerunners in the battle of life at Singapore, or to associate themselves so intimately with its welfare.

Much interest has been evolved out of the currency question during the last three years. Adopting similar principles to those put in force in India in 1893, the Straits dollar was fixed at 2s. 4d. There were some who thought, when silver in the course of its rise in 1906 came to a point where the dollar of 416 grains 900 fine was in danger of finding itself in the melting pot, that the rate would be raised, much as the Siamese had done. There was, however, no such thing as fixity of exchange if this was indulged in. The dollar of 416 grains 900 fine being on the border-land of conversion to bullion, with silver, say, about 33d. per oz., it was first proposed that the dollar be reduced to 800 fine, the weight being retained as before. Subsequently on further discussion a modification was made. The Straits dollar was reduced by one-fourth of its weight and the fineness retained at 900. The present dollar, taken at its token value of 2s. 4d., is equivalent to silver at, say, 44d. per oz. It seems to me that whilst the Government was about it, it might have frankly thrown the silver dollar altogether overboard,



TYPICAL PRIVATE RESIDENCE, SINGAPORE.

called them all in by a certain date, melted up its stock, and therewith purchased gold to add to its reserve. It would probably have then possessed sufficient to meet its liabilities on its note issue, or so near thereto as to free it from anxiety. The \$1 note, which was speedily accepted, would have sufficed for all requirements in the Colony and the Federated Malay States. Subsidiary coinage would have been, as is the case in Japan, the c.50 piece, and the lower denominations down to c.5 in so-called silver, and copper for cents. I conceive that outlying trading dependencies, which use whatever has been the currency of the Straits Settlements from the time of the old Carolus dollar down to the most recently minted coin, would either have accepted Straits paper currency or in default bar silver. The banks could probably have easily guaranteed the silver as of certain weight or purity, and thus provided for the necessities of trade.

It is idle to bemoan one's fate or to cry over spilt milk ; but if anyone happens to be in a reflective mood he might sigh for what might-have-been. How possibly ideal, for instance, might have been the 2s. dollar, or perhaps if the Straits Settlements had adopted what prevails in the yen in Japan and the conant in the Philippines (though not the weight and fineness of it) make it 2s. 0½d. That figure was quite as possible if taken at the right moment as was the later figure of 2s. 4d. Excepting those who were remitting money home, or withdrawing their funds from the East, it is probable that most people would have been gainers at the lower rate. We need not consider the case of produce, which would have adjusted itself to any rate so long as that rate was constant. Banks and firms would have settled down to any constant figure. But consider how much better off the individual would have been. Fully nine-tenths would have been the gainer at the lower rate. Sterling salaries have been the order of the day for many years now, but rent, taxes, food, wages for boys and other domestic servants, are payable

in dollars. All these items had a sad tendency to rise when the dollar was down to the neighbourhood of 1s. 6d., and they have not sufficiently adjusted themselves to 2s. 4d. Some will, doubtless, in time, but the majority show a tendency to remain. How much better to have been paying these at 2s. 0½d., or, roughly, 16 per cent. less when reckoned in sterling, into which the residue was possibly converted, if the individual was possessed of a saving disposition. At this point the careful man would lose his 16 per cent., but I think the saving he would have effected in his current expenditure would more than have compensated him for this loss. That 16 per cent. has been crystallised against the individual just as surely as it came home hard on the Government in paying off the little \$28,000,000 or \$29,000,000 to expropriate the Tanjong Pagar Dock Company's properties. Only in paying the sterling sum for the new Singapore Harbour Works will the Government apparently score, but it does not wipe out the 3½d. on every dollar of the Tanjong Pagar award. As for the introduction of needed capital to the Colony or the Federated Malay States, it would be as easy to attract at the one figure as at the other. It is only a steady exchange that is needed; then the capitalist has not to fear loss of his money in exchange as well as in the venture he may put it into.

If, again, and I am sorry it should be an "if," the lower rate had been adopted in time, the Straits would have been in a position to attract the gold it required to back its paper currency when silver exchanges were high. The silver dollar might have disappeared at that stage, and have been replaced by the convenient paper dollar (which all hope may long continue to have some semblance of cleanliness), the silver being converted largely into a gold reserve, and subsidiary coinage put out as I have indicated above.

Penang constitutes the other leading constituent part of the Straits Settlements. There can be little doubt

that if, possibly for want of all the necessary facilities, the northern Settlement has not grasped its position to the full, it has at least made extremely good progress. There are changes to be seen everywhere. There are new buildings that attract attention, the most conspicuous being the new premises of the Hong Kong and Shanghai Bank at the corner of Beach Street and Downing Street. It is not only handsome, but it is the most conspicuous object in Penang, as seen from the anchorage. Its dome is so fine a landmark that it serves as a point for taking bearings in the harbour. Above the necessary accommodation for the staff of the bank on the ground floor there will be on the first floor the offices of Adamson, Gilfillan & Co., the P. and O. mail agents, who are thus situated very conveniently for the inquiring passenger. Progress is indicated also by the opening of new firms, several being branches of old institutions in Singapore ; competition in business becomes keener. Another new building that deserves to be mentioned is the huge block, for the Federated Malay States Railways, which seems to betoken the confidence felt by the States in the future of Penang, and the share they hope to have in it.

In the way of new buildings one has also to remark on the general condition of the public offices. If the fine Government block is half hidden by the ragged-looking corrugated iron sheds that adjoin the famous pier they remain substantial, and generally well adapted to the work that is required. In other directions the hospitals, gaols, markets, abattoirs (very fine), are all good, and generally quite a credit to the place. They indicate that if Penang does not yet receive the full measure of public money that is its due, it is at least somewhat better provided for than when it had very considerable grievances in this way. It may yet legitimately ask that more should be bestowed on it, in view of its constantly growing importance. The old reproach of an entire absence of a worthy house for the Resident Councillor has been removed for a considerable time, but it struck

me that in face of the population to be governed, some further dignity should be given to the surroundings of that official. If he moves abroad, for instance, it should be evident to the native population—whether Chinese, Tamil, Malay, or whatever it be—that it is the Tuan Besar (the Head Man) who passes. It would not cost much, and it would not leave the wealthy Chinese Towkay to do most of the appearance on the road. It is a comparatively small matter, but one from which the Oriental draws conclusions. Speaking of roads, one may generally compliment the Municipality on the condition in which they are maintained. They would be a credit to any community. It is regrettable to have to record in another matter respecting communications that the Penang Hill Railway is not a going institution. It has been a failure up to the present, and after some vicissitudes, went into liquidation in 1905. It was taken over on July 1st, 1906, by a syndicate, consisting of some shareholders in the old company. The new concern has not, however, been successful, and the undertaking has passed over to the Government, which had advanced \$25,000, and on which claim it foreclosed. It is to be hoped it will now emerge from the mismanaged failure it has unfortunately been, and will result in a boon not only to Penangites, but also to many from the surrounding States who would be yet more attracted by the virtues of the Hill than they are at present.

In commercial circles rubber, as elsewhere in Malaya, has of late attracted much attention. Rubber is first in Penang, with tin second, sugar a moderately good third, and the once favourite tapioca now only represented by one prominent estate in Province Wellesley (Malakoff). It is in general ways that Penang seems, however, to be forging ahead. One is led to believe that it has at present as good prospects as exist in the Straits. Kedah is coming on, and Tongkah is opening up. The energetic Straits Trading Company has commenced business at the latter place, whilst there is talk of several

other firms doing likewise, including one well-known Eastern bank. As far as Tongkah is concerned, much depends on the wealthy Kaw Seng Bee, whose interests might or might not coincide. He possesses a Siamese title, and he has much power as a Siamese official. By the way, the prospects of Penang will be greatly enhanced if the Siamese Government carries out its expressed intention to construct the railway from Bangkok down the Malay Peninsula.

It has been the fashion in the past to twit Penang with its want of co-operation in its own interests. It appeared to be too passive; more public life and spirit was required of the mercantile community. It has started the Penang Association to express its views; it is, unfortunately, not fully representative, and one misses the names of many of the leading firms in the roll of its members. Many possibly think that a branch of the Straits Association would have sufficed. This, however, being largely controlled by Singapore, did not meet local requirements, mainly because Singapore people were too much concerned with their own affairs, and would not devote any attention to a study of the interests of Penang, with which, perhaps, they had every sympathy. This is, perhaps, unfortunate, as it does not lead to community of representation, *quid* the Government; especially, perhaps, when the interests of both ends of the colony happen to be at stake.

In a general way, questions respecting matters afloat more concern Penang at the present time than do matters ashore. Amongst the declared objects of the Penang Association were the following:—To promote the creation of a Port Trust for Penang; to promote the fixing on and carrying out of a comprehensive harbour scheme for Penang; to protect the strict maintenance of the status of “free port” for Penang, and especially to resist any wharf, quay, or pontoon charges if differential to those in other ports of the Colony; to prevent the alienation of Prye Dock, and to promote such improvements for

the same as are required in the interests of the Settlement. A Port Trust tax has been agitated for on previous occasions, but the main question is the necessity for a harbour improvement scheme for Penang, whereon hangs much of the future of the port. What is and has been required is a comprehensive arrangement by which the trade can be carried on cheaply and expeditiously. It is not only the trade of the Colony, but the interests of the Native States and other surrounding countries that will be benefited, as well as the trade of Great Britain. The working of merchandise over wharves instead of the present process of tongkangs (lighters) might be a vital question to a transit port like Penang. It has not been shown that Penang is an exception to the experience of the whole mercantile community of the world as to the advantage of berthing steamers. There can be no doubt of this in face of the object-lesson of Singapore, whose circumstances are practically the same as those of Penang.

It is a port doing the same kind of trade under similar conditions. The mercantile wants of Penang must in this respect necessarily be, in relative proportions, the same as those of Singapore. For ten years the matter has been tinkered at, modified, altered, and picked about to such an extent that the conclusion was truly lamentable. The natural result was that for long little of real utility to the port was achieved, notwithstanding the disbursement of a considerable sum of public funds. The true requirement is such wharfage accommodation, plus godowns or warehouses as will permit ocean steamers to transfer readily and cheaply to the local distributing vessels. At present there is, and there has long been, considerable wastage going on in the distribution of the trade. The whole Straits trade is very largely a matter of transit charges, and Penang should be able to handle her portion cheaply, otherwise she loses part of her trade to the sister port of Singapore, or to a foreign competing port. Will not Penang, failing complete wharf and warehouse accommodation, be able the better to hold her

own by improved lighterage arrangements? From this aside I turn to ask what has Penang done in the last ten years after much agitation and many discussions? Or, rather, to be more exact, what has been done for her? as what is accomplished has not been in accordance with her generally expressed wishes. At present there is a pier 600 feet long, which can berth, say, two steamers, connected with the shore by a jetty, from one side of which has run a line of corrugated iron godowns. At the time of my visit a line of handsome-looking godowns of Moorish design externally was being completed. These run on the other side of the jetty, and further away still from the business centre.

Up to the present, the use of the existing pier cannot be pronounced as extensive. It has proved useful in transhipment of tobacco from Sumatra; in a lessening degree unfortunately for the transhipment of rice (which now largely goes direct to Sumatra from Rangoon, though complaints as to quality in Sumatra threatened to restore the trade to Penang); and for the landing of immigrants, who, however, are now dealt with and housed a mile away on the reclaimed ground at Sungei Penang. It would be ideal for passengers if they could always land with their baggage at a pier from at least main line boats, if not from the numerous local steamers. But for this Penang will long have to wait. The question was whether the pier extension, in the moderate manner in which it was proposed, and bearing in mind its situation, was the best method of disposing of the limited funds available, or whether there were alternatives? These latter practically resulted in one scheme, viz., the extension of the Weld Quay reclamation. I was at some pains to acquaint myself with the problem. The first thing that struck me was the entire absence of connected method in what had been done. There was the existing pier; there were the unsightly corrugated iron godowns; and there were the new godowns of magnificent external appearance, but that seemed to be on ground doubtfully retained by the sea

wall, which presented a wrong level to the pier and the road, while the railway, from the discharging vessel, approached them with the most awkward curve any engineer yet devised.

The buildings are, as I have remarked, a handsome structure. This is the best that can be said of them. Appearance has been too much studied, and thus presumably we have too many windows and too few doors for ingress and egress of cargo. The godowns are apparently solid also, and possibly too solid to be constructed on newly reclaimed land which had itself presented some difficulties. They are set back about 25 feet from the sea wall, but the floor level has had to be raised by 3 feet, so as to make the approach possible from the pier, which brings it so much above the quay wall level. This is to be filled up, however, after raising the sea wall, so as to afford a sloping walk to the godown. This would bring the windows—it was sarcastically remarked to me—on a suitable level to receive cargo! The extra height which it has been necessary to give the floor of the godowns, so as to make work from the wharf possible, has deprived the resultant capacity of something like 1000 to 1500 tons of storage room. With the extra height added to the quay wall will it be possible to land cargo without the aid of mechanical appliances? One fears, too, for the walls themselves. Again, inside the godown the requisite working spaces for the trucks from the pier seem to be too confined. Above all, these new godowns are away from the centre of the foreign merchants' premises, and yet further from the very important Chinese business quarters. A good deal has been done, but the lack of cohesion and the appearance of a strong directing mind working steadily towards a well-defined goal seemed too evident. It is a choice of evils, therefore, that has to be made, and of the two alternatives—extension of the pier or Weld Quay reclamation—it seems to me the latter is the best proposition.

The line of reclamation might be taken to the point

of the Sungei (River) Penang, and a great area would be reclaimed which would have good water for tongkangs all along its front. The reclaimed land is needed for the provision of cargo, and, if required, sheds could also be erected. It is in this direction that trade is extending, and not where the costly godowns have been erected. Chinese trade, which forms so considerable a proportion of the trade of Penang, is to the south of Weld Quay, and it seems to be entitled to consideration in landing its cargo. Towards paying part cost of the work, a fee could be levied on all cargo landed over the new quay wall, which would prospectively bring in as much as the pier. If sheds were also erected additional revenue could likewise be drawn from them. The whole length of the new Weld Quay could probably be utilised for landing cargo. It is in the neighbourhood of Sungei Penang that trade seems to be extending, and it would appear that in this direction facilities for the trade of Penang should be created. There might be questions of foreshore rights, but the reclamation might conceivably be carried out on similar lines to the Praya extension in Hong Kong. In this way the work would be undertaken by the Government for and on behalf of the foreshore owners, and at their cost.

Owners would be entitled to a certain amount of reclaimed land after allowing for landing places of cargo, space for sheds, and the road. Such owners as did not consent to pay their shares would relinquish their claims to Government, which might dispose of the surplus land in part payment of the works. The reclaimed area, besides providing for cargo necessities, would likewise provide land for the development of the business quarter of Penang that is badly needed. In writing this I am aware that Messrs. Boustead & Co. possess undoubted rights respecting Weld Quay which must be respected; but that firm might be benefited also, and anyway I do not anticipate that they would bar any great scheme for the welfare of the Settlement. Either by compensation

or by some other *quid pro quo* their interests could doubtless be conserved.

At Sungei Penang a considerable reclamation scheme has been completed. The land is largely used by the Immigration Department, which has erected fine buildings thereon, by the Public Works Department, and by the opium and spirit farmers. The rest of the reclaimed land to the mouth of the river is available for merchants and others.

One other matter to mention is the Prye River Dock, acquired at the same time as the Tanjong Pagar Docks were expropriated. It constituted part of their property. It is situated on the mainland of the peninsula in Province Wellesley. To render the place effective, and provide requisite facilities in connection with the adjacent terminus of the Federated Malay States Railways, it has been necessary to spend a considerable sum of money upon works and plant. There was a fear in the minds of many in Penang that the docks would be taken over by the Federated Malay States, a fear that did not, however, eventuate.

Though the Straits Settlements contain some other territories, it is only necessary here to refer to the erstwhile great and important Malacca, which centuries ago held a great position in Malaya. Now there is talk of reducing the Resident Councillorship, the position of Lieutenant-Governor having been abolished long ago. Probably such a proposal would excite but little opposition—a statement made with all due deference, for Malacca, alas! occupies only a comparatively humble place in the progress of the colony. Its nickname for long has been “Sleepy Hollow,” though it naturally scouts such an imputation. It must be admitted, however, for divers reasons—the absence of its being available as a shipping centre being a conspicuous one—the appellation is not altogether inappropriate. Its stirring history in the past, when Singapore and Penang were unheard of, cannot in itself be a sufficient reason for the retention of

a Resident Councillor. But if this is resolved upon, there is a most important question behind, namely, whether such an innovation does not open an avenue for the consideration of a revision in the constitution of the Legislative Council of the Colony. The Council at present consists of nine officials and seven unofficials. The result is that when a Government measure is seriously desired to be carried, the unofficials are nowhere. This is not so in all Crown colonies, and it is difficult to divine a reason why it should exist in the Straits. It makes the Governor an absolute dictator in the Legislative as well as in the Executive Council. The growing importance of the Straits Settlements, not only in regard to population, but from an Imperial point of view, renders it necessary to consider whether the time has not arrived for a constitutional arrangement, which, even allowing it has worked well in the past (a point which many consider doubtful), should not be subjected to modifications which the exigencies of mercantile development and industrial progress require. In short, the community should have more voice in the government of the Colony.

CHAPTER II.

THE FEDERATED MALAY STATES.

Great Achievements—Wealth of Stanniferous Deposits—Thirty Years of Progress and Development—The Changing Malay—The Revenue Position—Federal Capital—Kwala Lumpur—The “3 Cent. Provident Fund”—Irrigation—Scientific Mining—Anomalies of Production—Sliding Scale of Duty—Some Representative Mines—Methods of Working—Planting—Rubber—An Adjunct to Tin—Railways—Economic Advantage to the States—Roads—Education—Suggested Parliament.

THOUGH tin—which has wrought so much and has been so great a factor—may for the time present have fallen from its high estate, what the Federated Native States of the Malay Peninsula have achieved in three short decades, largely through their stanniferous wealth, constitutes a great record. There is also the reserve of remaining possibilities in the future. With a splendid climate and soil, and so magnificent an endowment as is embraced by the tin deposits, the countries have been singularly blessed. They are also free from devastating typhoons and cyclones that beset the seas to east and west of the peninsula, but which make havoc at a range that leaves the Federated States untouched. Thirty years ago the land of the Golden Chersonese lay basking in its eternal sunshine, shut off from the press and hurry of the busy world of progress and competition, and growing revenues, and conflicting tariffs; the world of which it heard but little and cared less. From the Isthmus of Kra in the north, to Cape Rumania in the south, the effete Malay States lay in their decaying

feudalism, swayed by rulers for whom the art of government had become restricted to the exaction of dues, more or less irregular and harsh in their incidence. The Malay population at large, sparse in numbers, cultured and polite by nature, and with the added culture and politeness of a mild and non-fanatical Mahomedanism, proud and self-contained, lived by cultivating their rice-fields and fruit plantations, and by fishing, paying as best they could the feudal dues which they owed to their Sultan, and the more irregular exactions of their immediate overlords. There were no roads between the various States, from which an occasional embassy crossed the mountains, by winding paths through the dense virgin jungle, in order to discuss at interminable length some petty point of diplomatic usage. Even within each State there were no roads. Communication between different districts and villages was by jungle-paths, or the Malay's highway, the rivers, on the banks of which he loves to dwell.

Not without skill in the working of metals, the forging of weapons, the weaving of silks, the moulding of pottery, singularly adroit in house-building and mat-making, good talkers, and excellent tellers of an anecdote, given to hospitality, and able to enliven the subsequent hours with many a story and fairy tale—such were some of the arts and qualities of the Malay. For the rest, he was brave, proud, quick to take offence, careful and jealous of his personal dignity, reserved, and suspicious of strangers. Indolent, good-natured and easy-going, of simple tastes and habits, he found such things as he required ready to his hand at the cost of no excessive exertion. The hot-house climate of his native land gave him: in profusion the necessaries of his life in return for a minimum of toil. The mosque, the village council, the life, the loves, the social chit-chat of his native village, sufficed for the ethical side of his nature; the news brought by some passing pedlar, or shouted from some boat moving swiftly down river, gave him all that he

needed of the doings of the world outside his ken. Thus might the Malay have lived to this day but for an event of far-reaching consequences to this part of Asia. The great Chinese invasion, resulting from the discovery that the alluvial soil of the Peninsula was rich in tin, made the further existence of this primitive Arcadia impossible. And on the heels of the Chinaman followed the British. For the inroads of increasing hordes of heathen and pork-eating barbarians filled the effete Malay Governments, if, indeed, they could be called Governments at all, with alarm. It was, indeed, only too well founded. The British Government at Singapore was appealed to, fortunately at a moment when the late Sir Andrew Clarke was Governor. An expedition was sent to save the feeble Malay Government from extinction and the country from ruin. And having come, it became a matter of *J'y suis, j'y reste*. "The white man," says the pithy Malay proverb, half cynical and half regretful, "is like the white ant. Once let him into your house and you will never get him out." The results of the intervention have been sufficiently startling. There is no apparent limit to the growing prosperity of the land. The country is traversed by hundreds of miles of railway, telegraph line, and cart road. There are wharves, hospitals, prisons, schools, and irrigation for sixty thousand acres of land at a cost of a million dollars. We may hope the Malays are grateful for the results of our intervention, though the consequent changes have filled them with an ever-increasing astonishment. They are sufficiently good Mahomedans to bow to the inevitable, and sufficiently endowed with shrewdness and common sense to know that individually they benefit by the growing prosperity of their country. Still in their hearts some of them probably regret the old, simple, happy-go-lucky days that have long since passed away. But the belief will grow deeper and deeper that if the wand of the white magician has in fact witched away the old crumbling Malay dwelling, he has in its stead erected

a statelier and more spacious edifice, based upon deeper and surer foundations.

The present Federation comprises the States of Perak, Selangor, and the Nigri Sembilan, on the west coast, and Pahang on the east coast. To these there is the prospect that the Siamese Malay States of Kelantan, Tringganu, and Kedah, some 8,000 square miles in all, may be added as a result of negotiations now in progress with Siam. With British Residents, and a staff such as has been supplied to the present States, these territories should greatly benefit, and rival in part what has already been achieved in the older Federated States.

If tangible proof is sought as evidence of prosperity, one may look at the revenue figures, and at the same time bear in mind that no class of the population is anything more than lightly taxed in comparison with its means to support the same. Beside all that has been accomplished out of revenue, there remains a surplus of roughly \$20,000,000, without counting the large holding of Tanjong Pagar dock shares, or of money advanced for the Johore railway, and to planters and miners. No comment is needed on these statements, except perhaps that it is unnecessary to keep quite so tight a grasp on the purse strings when there are ways and means in which it may be profitably expended in developing the country. It has become the rule to keep them tightly closed, and one is constrained to wonder whether this policy is deliberately pursued in consequence of the financial necessities of the colony of the Straits Settlements. If that is so, it is unfair that the States should be asked to assist to too great an extent, notwithstanding what the Straits has done to advance them. It has, at least, always had its full amount back again, and perhaps a little over, in such matters as the Perak war expenses. However, the States themselves bask in the sunshine conferred by an overflowing treasury; in handling its contents it is not necessary to be close-fisted. The pressure of progress is continuous, and the demand to keep pace must necessarily

be more men and more money to provide for the fresh openings that present themselves.

The Federal capital of Kwala Lumpur has greatly progressed, and revels in a profusion of electric light supplied by water power. Whether in the Government buildings, which are fine, in the private residences, including that splendid specimen Carcosa, the home of the Resident-General, or in the town itself the class of house in each degree is fine. The Government offices, considered far too big for requirements when erected in 1900, have had to be added to by another large block, and a special building for the Post Office has been constructed. There are likewise the fine block of railway buildings, the Town Hall and Municipal offices, and a new museum. There is a greatly increased white population. My mind was irresistibly carried back to what was the Kwala Lumpur I first saw in 1885, when the Resident, Mr. (now Sir John P.) Rodger pointed out to me the pegs marking where the streets, now built, would be aligned, and when the attap roof had only just been condemned within town limits. The Padang (recreation ground) was then a kind of morass and dumping ground for anything. Truly Kwala Lumpur has progressed, and become a fine town, and as it is the Federal capital it has had much lavished on its beautiful situation. It is enough to surprise anyone : a dust destructor rears its tall chimney ; there is electric light ; there are the fine lake gardens with their pleasant club ; there are several good drives ; and the most sporting golf links over Chinese graves and other natural or unnatural hazards have been improved, and made one of the finest in the Far East.

Many good works have been done in all the States, too numerous, indeed, to be mentioned. One that brought common-sense and organized philanthropy together was to be seen in Thaiping, the capital of the premier State, Perak. Within the fine spacious grounds of the Hospital, laid out with such care, one was attracted

to a building at the extremity of the grounds where indigent paupers are looked after. It was formerly the custom when tin ore was being weighed, for assessment of duty that the weighing took place without charge being exacted. The idea was then mooted that a small fee should be imposed, and the resultant sum used to provide for those in need. The mine owners readily agreed, and a fee of 3 cents a picul was put on, and has provided an ample fund for the purpose for which it was intended. Indeed, in Perak there is a surplus, I understand, in this, what I may call "3 cent provident fund," of something over \$40,000. The men are not under more than voluntary restraint, and they may, if so disposed, carry on certain trades, and earn independent money. They seemed happy and contented, besides achieving which result the institution frees the streets of beggars, paupers, and those whom affliction or disease has prevented earning a livelihood. The suggestion has been an excellent one, and has wrought much good throughout the States.

One of the most far-reaching improvements that has been carried out in Perak for a long time has been the Krian Irrigation works. It is truly a magnificent scheme, and should confer great benefits on the district and the State. The formal opening ceremony was performed by the Resident of Perak, Mr. E. W. Birch, C.M.G., before a large gathering of Europeans and natives. The district is eminently suited for the growth of padi, but the rainfall has proved so fitful that the cultivators could never depend, say, on two crops in successive years. The project now completed has been under discussion for over fifteen years: now it is realised, and over 50,000 acres have been added for annual cultivation. Like all such projects, the cost has steadily risen over the original estimates. Still, the work is truly a grand one, and can scarcely be considered to be over capitalised at \$22 per acre, which is what the cost of the reclaimed land, with its 56 miles of canal, works out at.

The chief factor in providing the required funds for progress has been the prolific wealth that has been brought to the States through the tin deposits. Respecting this commodity, one feature immediately calls for attention. The fact is worthy of note that the white man has of recent years come much to the fore. The hand of the scientist and the expert is now to be largely seen, and though Chinese methods, including the "truck" system, still prevail, they are likely to grow less as time goes on. Science and mechanical invention are overtaking the Chinaman, and his truck system may die out. Another fact to be noted is the extent to which the Tamil—looked on formerly as an agriculturist, or supplying purely coolie labour—is now employed at the mines. His numbers are steadily going up as a miner, or rather mining coolie, whilst more Chinese are employed in agriculture. As machinery supplants the Chinaman as miner, and only coolie labour for certain of the work is required, the Tamil does as well as the Chinaman, and his remuneration is less. One big mine, and Chinese-owned for the most part, near Kwala Lumpur, employed only a few Chinese to attend engines and boilers, and provides itself with Tamils for the coolie labour required. Respecting the continuity of the industry, from what I could see and learn, there seems no reason to suppose that the deposits will be finally exhausted for a century or two. Practically all the tin produced so far, is only of the order of scratching the surface. There are probably whole valleys and districts where even this has not yet been done, and there must remain afterwards the deep *karang* (ore-bearing sand) and the lodes to be dealt with.

In a recent report on the state of the Negri Sembilan, the Resident, Mr. D. Campbell, makes a computation that on the average each miner won ore to the value of over \$263 in the year. Of that sum the worker would expect to receive \$144 in wages and \$60 in food, leaving \$59 to the employer as the return on his capital and interest. I do not think it can be denied that, in view of

the actual cost of living, the proportion taken by the worker is excessive. Chinese mine-owners, however, seem to be altogether in the hands of their labour, and, owing to mutual jealousies, to be quite unable to combine to protect and further their own interests. Another instructive thing to note is the increased proportion of miners who prefer to work on the co-operative, or profit-sharing, system rather than secure themselves by working for a fixed monthly wage. And this leads one to comment on the fact that when the price of tin is high, the output is inclined to recede. This must not be taken as indicating exhaustion of deposits. The high price, where the Chinaman is the main factor, and not the machinery, tends to a paradoxical condition of things. The higher the price the smaller the production. There may be various reasons, but the chief and most important is that the Chinaman, like every other human being, will work fewer hours if he gets enough or more pay than he did when the price was considerably less. At the time of my visit the price of tin was near £200 a ton, and Chinese production rather decreased. The present year (1908) has witnessed low prices for tin, but the output in the States has increased as compared with 1907. As revenue is imposed on a sliding scale, according to the quoted price of the metal, we have the further anomaly that with a greatly increased production in 1908, the revenue collected is much inferior to the figures for 1907.

And now just a few words on some representative leading mines. I would frankly say that what most impressed me was the new method of mining by dredger, as exhibited at Tanjong Rambutan, in the Ipoh Valley. Here you have a dredger capable of floating itself, and, being thus mobile, all that is wanted to commence is to open a hole sufficiently large for the dredger to be built in, and then rest on its own flat base. On the dredger at one side of the forward end is a powerful pump supplying the pressure by which the 4½-inch nozzle of the cutter is worked. This operates in advance and to right and

left front, and cut out the ground to a distance of 150 feet from the dredger. The *débris* washed out, and the water used to do it, naturally fall in front of the dredger, where a powerful lifting pump stationed on the other side of the front of the pontoon takes all up. It passes the spoil over a gently sloping riffle bed some 500 to 600 feet long, collecting all the tin on its passage, and depositing the tailings behind. On the rear part of the dredger are situated the boilers, and all that is necessary is the initial supply of water to feed the cutter. As soon as the ground has been cut away to the limit of the monitor's capacity, the pontoon, or dredger, is pumped out—water having been used as ballast—the dredger can be floated forward to the face of the cutting, and rests again, on a prepared base, by water being admitted to the pontoon. The riffle bed behind is naturally moved forward also, and operations are again commenced. The full capacity of the dredger is said to be 100 cubic yards per hour, and it had already done 85 cubic yards at the time of my visit. This figure means, say, nearly 130 tons per hour. The staff for a shift comprises but fourteen men to handle, or rather to see the machine handle, this great quantity.

An adjacent mine on the road back to Ipoh was Tambun, which is owned by one of the big Chinese Towkays, who also courts Consular honours in that he is Chinese representative in Penang. Here there is a very up-to-date plant for washing and removing overburden, with the necessary puddlers, jiggers, and light railway plant. It was a pleasure to see the order and the excellent condition of the machinery insisted upon by the general manager, Mr. Nutter, whom the Towkay must feel considerable respect for as the result of the way he has brought the mine to solid success. In the other direction, from Ipoh down the valley, is the celebrated Tronoh mine. It has been, and is, a great mine, and was one of the first ventures controlled largely by the great Foo Choo Choon to adopt machinery to lessen the cost of

mining. Having been a pioneer, however, it had dropped a little behind in advanced methods. I was glad to see and learn that this was being rectified. A considerable sum has been expended to modernise the methods, and give the great mine a new lease of life, by employing machinery to obviate the services of several hundred coolies, who are not always easy to obtain, and have always to be highly paid.

In the neighbourhood of Batu Gaja I was enabled to see two leading mines. At Redhills one observed the system of working by a steam navvy. The spoil gained was tipped into trucks and transported by a wire ropeway to be first pulverised by the monitor, and then treated in the usual way by stamps and washing. Not far away is the Pusing Lama mine, where the feature is the lode mining. A rich strike was being dealt with, and the gains carried to the mill, where the system of working and treatment by stamps, and handling of slimes, is much the same as at other mines. It is, perhaps, worth noting that the lode strike here, which has already proved so profitable, and has considerable further ascertained wealth, should have been marked on the plan of the mine as ground that was poor and unprofitable to work! Mr. Currie, the manager, in walking over the ground, kicked up a stone. This exhibited certain indications, which, being followed up, led to further discoveries, and the practical certainty that a tin lode was at hand. Subsequent results have been very satisfactory.

The only other working I propose to refer to is the large Sungei Besi mine, situated a few miles from Kwala Lumpur. Its career had not always been an even success. It is a good specimen of the large open cast mine. The method of bringing the spoil to the puddlers is by wire-rope haulage, and the subsequent treatment is by the usual jiggers and riffle boxes. The method is economical, and would be cheap but for the great pumping power required to keep the mine clear of water. It is a small stream that runs into the mine which has

had to be dealt with in addition to the usual accumulations in an open cast working.

In thus treating of a few of the leading mines I have purposely omitted reference to any of the mines worked on purely Chinese methods. Their ways, interesting as they were in times gone by, when they could make money out of mines that foreigners invariably lost on, are now outclassed by more modern ways and up-to-date machinery. It is thus that future mining in the Malay Peninsula will be carried on, whether the mine be Chinese or foreign owned. It is interesting also to note a development inaugurated by the influential Straits Trading Company. This is the treatment of ores for the purpose of separating pyrites (arsenical and otherwise). The ore itself must command a somewhat better price, and the obtained product will furnish another, if comparatively small, source of revenue to the already considerable profits of the company. Another interesting venture is run near Ipoh, where a small plant exists for electrically separating the wolfram from the tin ore. Reverting to the Straits Trading Company, I may note this company is still the buyer of a large percentage of the tin produced, which is treated at either of the companies' refineries situated at Singapore and Penang. Other, Chinese smelted, ore is usually sold in Penang, where some half dozen of the leading foreign firms refine the ore in their own godowns previous to shipment to Europe.

The Federated Malay States has now a respectable second string to its bow. Coffee and other products have held out hopes, and much stress has been laid on the necessity of forwarding, planting and agriculture to the greatest extent. Up to comparatively recently, the piping led to very little real dancing. Now the feet move readily to the rubber tune. The second string has been found, and is already proving a most useful adjunct. Labour also seemed to be always against the planter's hand. He could not retain it in face of the demands made on the market by the railway construction that was going

forward, in addition to other works. Now, if the supply is not entirely adequate, it is at least improved, and the Government system of assisting immigration from India has alleviated the pressure. When the States are better known in the recruiting districts in Southern India, coolies should be easily induced to come to Malaya in considerable numbers. Some attempt, one is glad to see, is being made to interest the Malay himself in a form of labour that even he should take to.

The Sultan of Perak wrote a circular, which was soon broadcast amongst all Malays, pointing out the suitability of the work on rubber estates to his countrymen. The move is a good one, but I fear it has not been responded to as liberally as one would desire. Let us hope that it may be, and that the Malay will find a congenial task in this species of light labour—for he habitually hates hard work, unless it be fighting or love-making. Whether the indigenous population benefits, or whether it neglects the opportunity presented to it, the future of rubber cultivation will not apparently be affected. The Malay may benefit himself or not, but blocks, and sheets, and scrap will be proceeded with.

The greatest single district under rubber growth is at Klang, in Selangor, where the estates best known are situated. Practically all the land between the Klang and the Selangor rivers has been taken up for rubber. But there is much activity in the other States, and the growth is universal, for apparently anywhere in the States and practically in any soil *Hevea brasiliensis* will flourish. After Selangor, Sungei Ujong seems to be the district most favourable. The output of rubber from the States is not very great at present, but it is rapidly growing, the estimated output for 1912 being 50,000 tons. The sale of *Hevea* rubber seed for planting gave handsome profits to those who had fruit-bearing trees. But with thousands of trees now bearing the sale is limited. The question of what to do with the seed in the future should be considered, and specially whether, by some means

of preventing the trees from flowering and fruiting, an increased yield of latex would be gained. This is a matter for experiment, but the difficulties in attempting to prune off the flowers seem to make it almost impracticable. The value of the seeds for oil and cake purposes has been given in an interesting article in the *Bulletin* of the Imperial Institute for December, 1903, on the commercial utilisation of the Para rubber tree (*Hevea brasiliensis*), and in this paper the value of the decorticated seed is given as from £10 to £12 per ton. As 125 Hevea seeds equal 1 lb., therefore 14,000 Hevea seeds equal 1 cwt., and 280,000 Hevea seeds equal 1 ton. The kernel, *i.e.*, cotyledons, is 60 per cent. of the total, therefore 446,666 kernels equal 1 ton. Allowing 400 seeds per tree, 466,666 seeds at 400 seeds (or 133 fruits) per tree equal 1,166 trees, and 1,166 trees at 15 feet apart (193 per acre) equal six acres. This, at £12 a ton, means, say, £2 gross receipts per acre, or with freight, collecting, etc., deducted, say £1 or \$8.57 per acre.

To ward against the possible attacks of parasitic insects and spores of fungi that attack living plants, Mr. Carruthers, the agricultural expert of the F.M.S., recommends the reservation of protective belts of forest, usually selecting high land for them. He recommended to the Selangor Government, and that Government has given effect to his recommendation, the reservation of a belt sixteen miles long by two miles wide, running from the Sungei Buloh south-east towards Klang River, adjoining the Sungei Buloh Forest Reserve. The Director hopes for an extension of this policy to other States, where immediate action is not so necessary as in Selangor. It is hoped that Mr. Carruthers will be able to detect directly and dissipate any cause that might lead to disaster in the industry that promises so well. He is doing all he can to advance the prospects of rubber in every way. He even made the sporting offer to the London County Council to pave 500 yards of any street in the metropolis with rubber, to demonstrate its properties

and its lasting abilities as a road coverer. At least, rubber has, for the time, and a long time, it may be hoped, given that agricultural product which it has been the dream of Residents-General, of Residents, and the planting community, should be a mainstay of the country.

One of the leading features of the growth of economic life in this part of the peninsula has been the rapidity with which railways have been carried through, at no expense practically, as they have been constructed out of surplus revenue. Another matter for congratulation is the freedom with which they are used by all classes, and specially by the natives. There are now well over 400 miles in operation, stretching from Prai, in Province Wellesley, across the harbour from Penang, to the borders of Malacca. The dream of connecting Singapore and Penang has now advanced beyond that stage, for the F.M.S. is financing the line through Johore, and that line is on the point of being opened. It should bring many advantages to that State, for the jungle-covered country along its route is likely to be opened to various cultivations in the same manner that one observes in travelling through the Native States over the existing railway tracks. Land for rubber has already been taken up along its course, and as rates here are probably less than half what they are in the Native States, it should attract capitalists.

The completion of the Johore line must again revive the project of bridging the Johore Straits, and making the line an unbroken one from the docks and wharves at Tanjong Pagar, in Singapore, to the railway landing on the Prye River, opposite Penang. The actual distance across the Johore Straits is less than a mile, whilst the depth of water is not considerable in any spot. Such professional studies as have been made show no great obstacles (an engineer would certainly not admit them in any case). It would simply be a question of policy and amount. The former being granted, the F.M.S.

would doubtless gratefully oblige by arranging to finance the latter.

The trains seem always to be full. I would mention the mail train which runs daily, either way, from both the Kwala Lumpur and Prai Stations. It is truly a splendid train for these parts, composed as it is of the finest and heaviest cars, with the largest wheels run on any metre gauge line in the world. The general manager may well be proud of these trains, as he undoubtedly is of the new Central workshops situated near Kwala Lumpur. They are on the branch line that extends to Batu Caves. Here all the shops have been concentrated ; locomotives are put together and repaired and overhauled, whilst the rolling stock, excepting wheels, axles, and steel frames, is entirely constructed in the shops for the service of the whole line. One can see here the progress that has been made in the type of coach, from the small, short four-wheel car to the magnificent long bogie carriages that run on the mail trains. Here, too, bodies are built to the *chassis* that are sent out from home for the motor omnibuses that are becoming a feature in feeding the railways. Several services have already been inaugurated, and others are in contemplation. These bring their reward in increased traffic. So also is recompense brought in another way by the free passes that are given over the lines to enable children to attend schools. The railways are here recognised as more than mere machines to produce a certain return on the actual capital that has been laid out on them. They are instruments that may be used advantageously to build up the country. Personally, I think the fares should be reduced to all of the public. In new countries, such as the F.M.S., railways should occupy a position more in the light of roads, and as means of opening out the country, which will yield returns in other ways, rather than as interest-bearing investments. The only reasons why a reduction of fares is not brought about that I could ascertain was, the more or less official one, that the railways are already worked

to almost their entire capacity, and that cheaper fares would only lead to more passengers offering than could be carried (the line is single, it must be remembered); the unofficial reason seemed to be that, whilst the colony (the Straits Settlements) remains under the financial necessities that now beset it, there will be no loosening of the purse-strings of any branch of revenue in the States.

Roads are also receiving much attention. It is interesting to note that a road has been made from Kuantan (Pahang) to a point on the main road between Raub and Kwala Lipis, which, it is hoped, may prove to go through a mining district. It would then soon pay for its cost and upkeep. Another new road across to the eastward, *via* Gombok, to Bentong, will be a great saving of time and distance over the Kwala Kubu-Raub route. It would thence go to Jelebu in the Negri Sembilan, and would permit of a round tour motor trip. Proceeding from Kwala Lumpur the route would be *via* Gombok to Bentong, thence to Jelebu and Seremban, and back on the main road to the Federal capital. Generally speaking, the roads throughout the States are in excellent condition, and it is no wonder that motor cars are popular. They are becoming very numerous, and are always in request, whether for town use or throughout the numerous country districts, where, when the railway is some miles away, the roads are excellent. They are eminently adapted for tropical countries, and render it possible to do in one day what one would never dream of attempting with even many horses in the stable. As they become cheaper and less complicated, they are bound to multiply in tropical latitudes.

One of the most general topics of conversation, from which the keen edge has not yet entirely passed, is afforded by the 2s. 4d. dollar. As I have already dealt with this, however, in regard to the Straits, and as the same arguments apply in the F.M.S., I need not allude further to it here. From the many of these now valuable

coins that remain over actual requirements—in the swelling coffers of the States—loans are judiciously made to planters and miners, though with lessened tin revenues a curb is now put on facilities. The State, in fact, acts as a species of Hypothecary Bank, which leads to the conclusion that it might be conducive to the interests of all if a State Agricultural and Mining Bank became a definite institution. It is not, of course, so much big profits as the encouragement of industries that would be the end in view.

It is a pleasure to observe the steps that are being taken under the banner of education. There has been a good deal accomplished in Perak. At Thaiping the “King Edward VII. School” is an excellent institution. But the most interesting experiment is afforded by the Malay Residential School at Kwala Kangsar. The idea is that of an English public school life, where the higher class Malays may not only learn but become imbued with some of the characteristics of public school life. Except in the tint of their skin, the boys might be taken for typical young English schoolboys.

Federation has advanced in several ways of late years towards unnecessary duplication of the same thing in each of the four States. It is certainly worth consideration that the principle should be applied still further. Why should there not be a Federal Council where Rulers, the Resident-General, Residents, and others should meet and decide on all such matters as pertain in common to each of the States? A sort of Parliament would then be inaugurated, and each State would have a species of enlarged County Council to attend to its own immediate and particular concerns.

It is a pleasure, in conclusion, to render a tribute to the staff generally that is carrying forward the work of developing these States. They are an earnest, hard-working set, who are certainly not overpaid in some branches, though they have practically the same duties that devolve on their *confrères* in India, where the

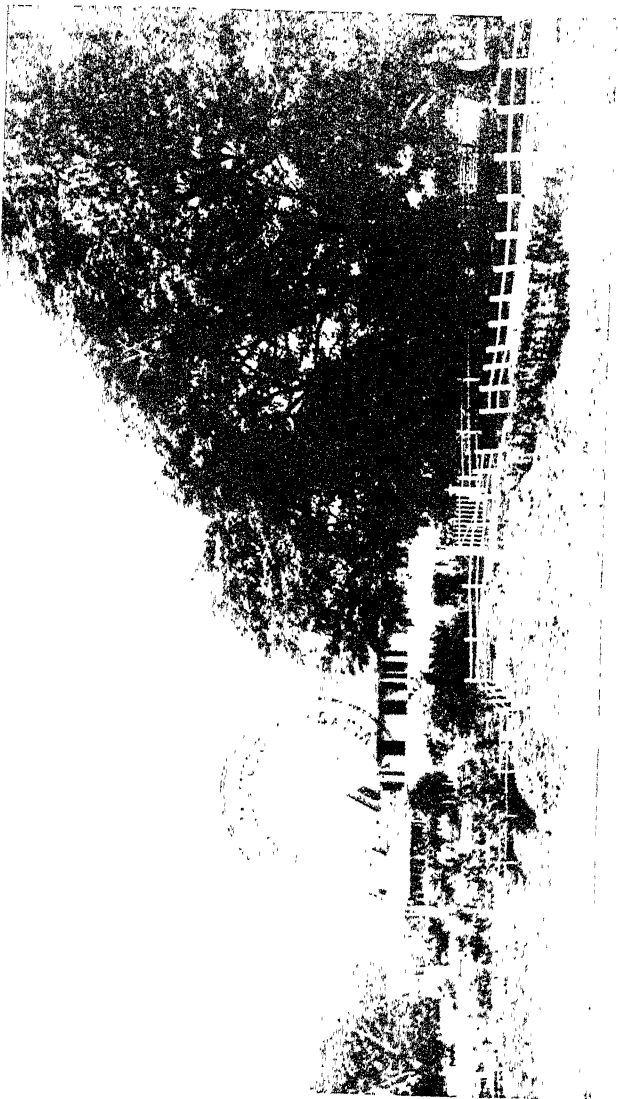
emoluments are on quite a different scale. They are carrying forward a great work in a way that has fortunately brought much respect, and responsibility, on British Colonial Government. Mistakes, of course, occur, but they are not serious in comparison with the work that is accomplished. Each department does well, and perhaps the by no means least efficient is that of the Malay States Guides, the Military force of the country. They are quartered at Thaiping, whilst one company is loaned as a garrison to Penang. Pride must be felt that the force has earned for itself the *soubriquet* of the smartest corps in the Empire. It is composed of Sikhs.

CHAPTER III.

NORTH BORNEO.

Labuan—The Coal Mine—The Brunei Government—Reorganisation
North Borneo Railway—Tenom—Sapong—Jesselton—Constabulary
Barracks—Marudu Bay—Tobacco—Sandakan—Tawao—Sihmpopon—
Coal Mines—General Progress of North Borneo—Population a Great
Want.

ABOUT three days suffices to put the traveller into Labuan from Singapore. The island, off the main route, leads a quiet life marked by few great events, though when I arrived it was looking forward to attaining again a free port status on January 1st, 1907. Little change greets the visitor when he lands, and the only bustle of an active life to be found in the island is at Coal Point in the north. It has had many governments, but not the comicality that necessarily surrounded the proceedings when Mr. Leys and Lieut. Hamilton ran the island twenty years ago on a system that it pleased the Colonial Office should be in force. It is now a portion of the Government of the Straits Settlements, though that Colony does not anticipate with pleasure having to provide for any of its needs. Labuan hopes, however, to get along on its own resources, though they are not exactly extensive. The responsible official bears the title of Colonial Secretary. He is, at the same time, Resident of Brunei, and he has the somewhat onerous task of running both places. Seeing that the island has now become a part of the Straits Settlements, it certainly seems reasonable that the title of the responsible officer should be raised to that, say, of Resident Councillor.



GOVERNMENT HOUSE, LABUAN

There should also be a representative in the Legislative Council at Singapore.

In its physical aspects Labuan presents practically no change. A certain amount of land is devoted to padi cultivation, and one wishes that it was more extensive. There remains the same absence of jungle that has characterised the island since the great fire of thirty years ago. If it devastated the timber and dwellings, it at least dissipated the fever that had made Labuan a byword for malaria and unhealthiness previous to its occurrence. Labuan possesses a name for its fruits, but, unfortunately, they cannot be cultivated in greater measure, owing to the absence of sufficiently frequent communication to desirable markets. The coal deposit constitutes Labuan's chief asset.

When I first visited the mines at the northern end of the island they were being worked by the Oriental Coal Company. Another visit found them in the hands of —was it the Central Borneo Company, the New Central Borneo Company, or Labuan and Borneo, Limited? One need not stop to enquire now. They were pursued by ill-luck, and money was lost at each step in the attempt to bring successful working to them. The last of the various companies to essay the task, Labuan and Borneo, Limited, had conducted its operations with very varying success. It finally suspended on the Bilangow shaft caving in, and such a rush of water at 65 fathoms that it swamped the whole proceedings, notwithstanding the costly and extensive pumping machinery that was erected at the mouth of the shaft, but was designed to handle the water at a slightly greater depth. It was never put in motion, and, like much else still scattered about the place, tells of the sums that have been so uselessly expended. After the disaster mentioned above there was an interregnum of about eighteen months, when the Borneo Company, Limited, the debenture holders, bought in the old company and floated the Labuan Coalfields Company, Limited.

The staff was reorganised, and a large and expensive electrical installation commenced. This is used for pumping and hauling work in addition to, or in alternation with, the compressed air that also provides power and assists ventilation. By the way, the Malay has proved very adaptable to electric work, and has soon picked up the winding of armatures and kindred things. Another, by the way, is that ventilation has hitherto been so excellent that as each miner went down for his shift some of his impedimenta was certain to consist of a packet of cigarettes and a box of matches. A slight explosion quite recently—the first of its kind—may necessitate more care in this respect. The new dynamos also provide light as well as power. The general system of work now is by inclines, rather than by vertical shafts. The pumping necessary has been greatly concentrated. Water is pumped to 100 feet below the surface, where natural drainage is obtained by an adit that discharges on the sea shore.

The staff consists of thirteen Europeans at the mines and two in the town office. There are usually 600 to 800 coolies at the mines, and from 100 to 150 in the town. The actual miners are paid strictly by results, and a man can work as many or as few hours a day as his inclination or physical strength dictates. It is an excellent method, and one that appeals to the commercial instinct of the Chinaman, who does the actual mining.

The mines are situated 10 miles from Victoria, the capital town of the island, if it deserves such designation. Coal Point is connected with the harbour at Victoria by a narrow gauge railway. It takes about one hour from point to point. It remains to state that the coal fetches 20s. per ton, say, \$8.57 f.o.b. steamer alongside wharf in Victoria Harbour. The coal seems to have gained in reputation, and to be of better quality than the previous product. One heard only poor accounts of it formerly. This time I met several enthusiastic users of it.

The comedy that has for so long been in progress across the Bay in the ancient capital of Brunei appears now to be closed. The country has been gathered by the meshes of British administration. With comparatively powerful neighbours on either hand, and corruption within eating deep into its vitals, the glories of the ancient kingdom had departed. The Sultan was heavily in debt to his Pangerans, and had no authority in their districts. Where he failed to crush any vitality that still remained in a kingdom that once possessed sway over nearly the whole of the vast island of Borneo, it was accomplished by the Brunei Rajahs. It is only the British Government that has prevented the balance of the kingdom falling either to the Rajah of Sarawak or to the British North Borneo Company. That power has stepped in to administer its affairs for the welfare, it is to be hoped, of those that remain. No longer, it may be hoped, will a Rajah or Pangeran be able to kill—murder it is—slaves without the least notice being taken of such an occurrence by the presumed authorities. Order is now being slowly evolved, but neither the men nor the means exist in the degree that one would like to see. It will be an interesting study to watch what British machinery may accomplish. A sum has been borrowed from the overflowing coffers of the Federated Malay States. This has sufficed to clear the way of the “rights” of Pangerans and chiefs granted whenever the Sultan found himself hard up—a condition that was chronic. The revenues are now supposed to be collected by the Government for its own purposes. One matter that badly needs attention is a survey of the country and the registration of existing owners. There are some foreigners who have negotiated for concessions for planting. The allotment of the land, in the absence of a survey is, however, a difficult matter, and might easily lead to injustice to the natives.

It is only a stone's throw to North Borneo, as distances go in this part of the world. Here are the 32,000 square miles ruled by the Court of Directors of the (Chartered)

British North Borneo Company. My actual landing in the company's territory was at the wharf at Weston, whither I was conveyed by the courtesy of the Labuan authorities by the Government launch *Brunei*. Arrangements had been considerably made to pass me over the railway from Weston to Tenom in the one day. The first part of the journey was over the Weston-Beaufort section. Traffic over this section is not very extensive, and it is not necessary to run a service every day. Weston as a port has not, and cannot, become of much consequence, as it entirely lacks the requisites for shipping of any size. Directly the line was made from Jesselton to Beaufort the Weston-Beaufort section was naturally relegated to an inferior position, by reason of want of capabilities for shipping at the port. Only one company is planting along the route before Beaufort is reached. This is the Tenom Borneo Rubber Company, which has cleared a considerable acreage. On the Tenom side of Beaufort, and near that town, Mr. Halliday has made considerable progress with clearing and planting rubber.

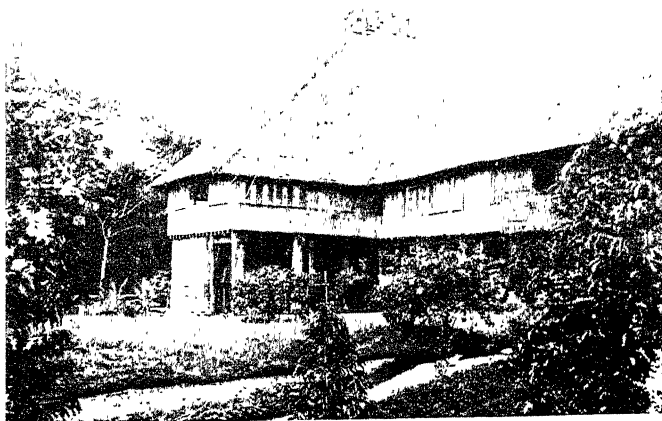
At Beaufort we ferried across the Padas—practically everything has now been transferred to the right bank—and took our seats in the train that was waiting to start for Tenom up the far-famed Penotal Gorge. The distance is some 30 miles to Tenom, and the railway traverses the valley, or gorge, for the most part, of the wild Padas River. The stream, though it came from the interior hinterland, provided no means of access thereto. Nothing can live in its waters whether in flood or at the lowest normal. There is the story of bundles of rattans thrown in at Tenom which were never seen again. And there is the more gruesome tale of thirty adventurous Dyaks who came from Sarawak, built their boats locally, and essayed the task of descent. Nothing was ever seen again of either the men or their craft. The journey up takes some three hours, and its picturesqueness all the way is something that can never be forgotten. You have the winding gorge, the wild, splashing, rushing Padas, the

great masses of driftwood, the echo of the whistle of the locomotive as it starts on, perhaps, one of the worst inclines, which are 1 in 40, the smoke it makes hanging in the defiles, an occasional splash of red colour amongst the evergreen jungle growth, and you have the great cutting, over 100 feet high in parts, where the railway has hewn for itself a ledge in the hard rock. Perchance a few monkeys or wild pigs may be seen on the occasional spots of sandy foreshore, and perchance you may see a gallant porker swimming across the turbulent waters. Above all, one must admire the energy and perseverance that kept on doggedly year by year until the last rock was blasted, and, emerging from the only tunnelled portion, you pass the gates of the gorge. Here the river is only 70 feet across, and perhaps as many feet deep. The Tenom country opens before you—the land of promise one might almost term it. The line proceeds for another mile over an embankment, through swamp, to New Tenom, or rather Tenom, as it is called. Old Tenom will continue to be officially known as Fort Birch. We stayed at railhead for the night in a new Rest House that provides four rooms and the dining-room. The building was to have been more pretentious, but the contractor unfortunately did not play the game, and the Resident, Mr. Fraser, was left to do his best with only a limited amount at his disposal. Tenom is extremely agreeably situated, and it possesses the best railway station and goods shed on the line. The doors of the latter had just been painted, and the Chinese artist had put up a quaint notice, "Paint so wet," to preserve his labours from spoliation. Near by railway quarters are erected, which can be used as a sanatorium for railway men, for Tenom possesses an agreeable climate with very cool nights for a tropical place. A fair number of Chinese shops have already been opened. On the outskirts of the town, farther up the valley for a considerable distance, the Chinese market gardener was in evidence, and considerable tracts along the bridle path that leads

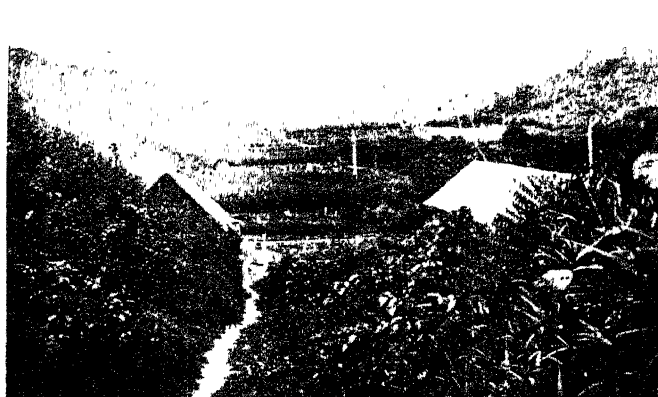
to Kaningow and Tambunan, in the interior, were under cultivation.

The following day I proceeded to Sapong to visit the Sapong Rubber and Tobacco Company's estates. You cross the Padas River and proceed along some five miles of estate road. The company possesses the magnificent acreage of 20,000, which leaves room for no end of possibilities. At present tobacco and rubber are the products, with catch crops of ground-nuts and chilies. The land is exceptionally fertile, and consists of a series of parallel valleys with fine plateaux, or table-lands, between, of no great height. These table-lands are from half-a-mile to a mile broad, parallel to the valleys. The latter constitute ideal land for the cultivation of tobacco, and the table-lands for rubber. A portion of the new ground cultivated was planted twice over with tobacco in the season of 1906, and this gave the magnificent return of 18 piculs per field. The other fields were planted over for the third year in succession, besides which a catch crop of ground-nuts was also taken off in this third year. This land, cultivated, that is, for three successive years, gave even then a return of $11\frac{1}{2}$ piculs per field. I do not know what Sumatra people would think of this, but I believe there is no land in the tobacco districts there that could produce such results. The rubber planted already had not yet reached any great age, but looked well. Much is expected of it in the future, and its growth and condition certainly promised to uphold the expectation.

Another by-product is the cultivation of ground-nuts. This may yield little or no profit at all, but it has one advantage that it in some way tames the too prolific soil, and it keeps the ground clean, where the rubber is cultivated, at no charge on the finances of the estate. Finally, as regards Sapong, and, indeed, any other estates that are, or may be, opened in the Tenom district, I may point to the advantage that the railway is in working the estate. Cost of transport and time,



MANAGER'S HOUSE, TOBACCO ESTATE, SAPONG



TOBACCO FIELDS, SAPONG

though still considerable, have been, by its means, greatly modified.

Another estate in the Tenom district, thirteen miles out on the bridle path towards Keningow, is Malalap, belonging to the Manchester North Borneo Rubber Co.—taken over from the New London and Amsterdam Borneo Tobacco Co. A considerable area had been planted up. The difficulty of progress here rests in the labour problem and the troubles involved in obtaining coolies. Arrangements had been made to obtain a supply from Java, which should greatly assist. The estate now being opened up extends to 4,000 acres, that stretch in a narrow line nearly to Tenom. Other 4,000 acres are on the other side of the Pankalan River, and are believed to be even finer land than the magnificent soil on the presently-opened portion of the Malalap estate. A good deal of trouble has been encountered through the ravages of deer, who, fortunately, do not destroy the young trees, but they eat off the top shoot (which might please the devotees of topping, though scarcely at so immature a stage), and retard the growth of the trees by at least two months. Both this estate and the Sapong Company have difficulties with runaways, but some experiences at the hands of the Muruts may possibly cause the coolies to alter their opinions. Two Javanese had recently lost their lives to the natives, whilst in a case of twelve runaways the Muruts despoiled them of their good clothes and took all the funds they possessed. One man who had only just joined was shorn of \$40, and others of lesser sums. Altogether, with the \$3 per head reward given the Muruts for their recapture, these gentry are believed to have made the no inconsiderable haul, for them, of about \$200 on the transaction.

Returning by the railway I passed down its whole length. I have already spoken of the gorge section of 30 miles down to Beaufort. The other 60 miles from Beaufort to Jesselton do not call for any special remark. The line passes several considerable kampongs, and will,

doubtless, in time be the means of collecting population and introducing industries.

The total length of mileage of railways is at present 120, consisting of the 90 miles from Jesselton to Tenom, and 20 miles on the Weston-Beaufort section; the remaining ten comprise small branches. On the Jesselton-Tenom section there is scheduled to run one train either way per diem. It is timed to start at 8 a.m. from each terminus and to arrive at 3 p.m., but landslips, fallen trees, the necessity of more ballast work, which heavy rains had found weak spots in, sometimes mar the regularity of the time-table. Still there remains the solid advantage that the line does, indubitably, make planting possible in the rich district that opens out beyond Tenom. Generally speaking, as much has been done as could possibly be expected in view of the comparatively modest sum that has been expended per mile. One matter should receive early attention. The line should be re-laid with heavier rails.

Regarding extensions, a survey expedition has been conducted from Tenom to Tawao, in Cowie Harbour, on the east coast. The report is that such a line is considered feasible (no engineer would ever admit an impossibility), but that it would be expensive. The interior was found to be a broken mass of hills, and a line would probably require an expenditure of some £5,000 to £6,000 a mile. An extension of 40 miles beyond Tenom up the Sook Valley, which would certainly pass through a rich agricultural country, has been decided on when funds permit. If the line towards Tawao must necessarily not be looked for for some time, more is hoped of the Sandakan-Kudat, or rather Marudu Bay, trace, the line probably coming to the bay somewhere about Tanjong Batu. Messrs. Pauling's engineers, who conducted the Tenom-Tawao survey, have carried out a trace. Great changes might be anticipated from such a line, which would alter the position of Sandakan in an advantageously material degree. It would open out a lot of rich

country, and pass near the iron mines, believed to be rich, presumably rendering it possible that they could be worked on a payable scale.

Rather more than a mile short of Jesselton, coming down the line, are the fine barracks of the North Borneo Constabulary, which is alike the police and army of North Borneo. This excellent little force is kept in admirable trim by the commandant, Major Harrington, and the ever-genial sub-commandant, Captain W. Raffles Flint. Here, in a fine space of ground, well laid out for the purpose for which it is intended, and with a rifle range just over the hills, are the headquarters of the force. By the change from Sandakan the main establishment is now more centrally situated in the territory, should its services be required anywhere. Arrived at Jesselton, the railway premises, railway shops, post and telegraph offices, shops, market, customs house, with residences on the hills above, soon show what development the place has undergone. Beyond the building that serves as a railway station the line is carried on down to the wharf where there is water up to 26 feet. The fine bay formed by Gaya Island, and the others to the north that assist in forming the safe anchorage of Gaya Bay, is well adapted to carry the wealth of shipping that well-wishers dream may some day ride on its waters. Jesselton has the capabilities of being a considerable port, and is admirably situated geographically to fit such a purpose. The dream also extends to its being a naval base, but the Admiralty so far refuses to dance to the tune that is piped to it.

If this point is reached, doubtless a considerable tract of shallow water will be filled in and land reclaimed. A convenient hill is at hand, and it would only be a little coolie work to make more flat land ashore, at the base of the pier, and fill up the foreshore. This is shallow for some distance till it shelves suddenly to deep water. There a quay wall would permit vessels to lie in almost any weather that is experienced in the bay. Amongst other new buildings in Jesselton I should not omit

to mention the new Government House. It stands on a fine eminence on a range of hills opposite to the Constabulary barracks, commands a fine view, and is a more pretentious domain for the Governor than North Borneo has yet possessed.

After somewhat rough handling by the north-east monsoon, the *Petrel*, the Government yacht, which proved at least a good sea boat in the weather we encountered, brought us to Kudat. The township has been reconstructed since it was burned out some time since, and presents an improved appearance. Near to a fair quantity of good fruit is produced, which, with more frequent communications, could be made into a good trade. Kudat acts as a depot and shipping port for the estates at the head of Marudu Bay.

The recent heavy rains and the deluges that still continued, necessitated my schedule being altered, and only permitted of a partial visit to the manganese mines, and then on to the Ranau Estate of the New London Borneo Tobacco Co. Even then I could do little more than reach the manager's bungalow, after seeing a flooded tropical river, and learning that bridges were down, the hospital only to be approached over a flooded area, and communications generally thrown out. One could, however, look over the fermenting shed, with its hundreds of coolies sorting the leaves into their various grades. At the office, looking through some of the accounts of different coolies, I regretted to note the too frequent entry of \$10 against a man for fine as a runaway to the manganese mines, attracted by the high pay offered. They were returned to fulfil the contracts they had already entered on. The general system is to keep the coolies contented, and, if possible, that they should make money, and consequently re-engage, or at least return to China with a good name for the estate, so that others would be induced to come. That the men seemed generally contented may be gathered from the fact that on one of the estates where the surplus



MURUTS AT SAPONG

had run, anything from \$10 to \$60 per man at the end of the year, after the coolie had discharged all disbursements, out of 225 men who had completed their contracts, and thus were out of debt and free to leave, 217 re-engaged.

Returning down the flooded Ranau, I regained the *Petrel*, and reached Kudat the same evening, leaving at an early hour next morning for Sandakan, an hour that put us at the Maliwali Channel at the proper time. Neptune was still angry, and the north-east monsoon treated us to somewhat of a bucketing until past Balhalla Island and close to the pier at Sandakan. There we tied up in a smother of rain, that made it difficult to see anything more than a few yards away. Only the gaol, an imposing building, stood out at all clearly. It is perhaps worth noting, to show how it does rain at times in the tropics, that the total rainfall for that month reached 29 inches, and that on one day no less than 7.85 inches fell in the twenty-four hours.

Of Sandakan, the capital of the British North Borneo territory, one may say that the town seems fairly prosperous and busy, even if it has not greatly expanded. It has grown somewhat in some directions, and along the road to the racecourse numerous squatters and market gardeners are well in evidence. I was glad to remark the improvement that had taken place in the General Hospital, and to learn that provision was made to complete the transformation. A great improvement has been wrought by the present Governor, Mr. E. P. Gueritz, in the metalling of the roads. That the work had been well done was evidenced by the way in which they had stood the abnormally heavy rains. Another improvement to note was the entire disappearance of attap roofs within the town, thus eliminating one considerable fire danger. The wharf, whose dilapidated condition forced remark on my last visit, had been repaired, and is in fair order. It is intended to double its capacity. Not far away the China-Borneo Company has constructed a slip-

way where vessels up to 600 tons burthen can be hauled up and the necessary repairs, etc., done at the workshops. The same company's sawmills are likewise busily at work higher up the bay, as also apparently were the adjoining mills of the North Borneo Trading Company. If I mention that the cutch factory is still active, I shall have noted the leading existing industries. There is a new one about to open out, it is hoped, and Sandakan may become a coaling and coal export port. The Clowie Harbour Coal Company have secured a land frontage of 300 feet on the harbour adjacent to the present Government wharf, farther up the bay. A wharf, or rather it is a storage platform, has been constructed where some 600 tons can be stored. This is only temporary, as additional room, probably on land, would be required if the trade develops. This land adjoins what will, doubtless, be the terminus of the railway, if the line to Kudat is constructed. Like the railway ground, a little reclamation is needed, but the water is shallow and the work very simple. I had the opportunity of steaming up the fine bay of Sandakan, which has often been likened to Sydney Bay, on my way to see the Sikong Estate of the North Borneo Trading Company. The estate is situated in the extreme south-west corner of the bay on the river from which it takes its name. Here the manager was able to show me, with some pride, the oldest rubber estate in Borneo.

After a most agreeable sojourn in Sandakan, the good ship *Petrel*, the Government yacht, took its way to Tawao. The route was *via* Simporna, where we anchored for the night, through the Trusan Treacher and past the extensive *bêche de mer* fishing grounds. Here hundreds of boats may be seen at low water. Their crews were hunting the slug, so delectable to Chinese tastes. Much of the route before reaching the trusan (passage) was through waters that greatly resembled the far-famed Inland Sea of Japan, and then amongst coral atolls. The former resemblance was

striking, though tropical growths were more luxuriant here than in the more northern latitudes. We were now sailing in smooth seas, whose waters, often land-locked, resembled lakes in their quietness. And withal we seemed to have left the rain behind, and to have again a glimpse of the sun. One is apt at times, in the tropics, to rail at its too fierce rays, but it is astonishing how you can welcome it here, as at home, if you have for any time been deprived of its light and warmth.

An hour ashore at Tawao sufficed to see all that there was to view in the place. We then steamed on up the magnificent Cowie Harbour, flanked on one side by the mainland and on the other by Sebatik Island. It is certainly a very fine sheet of water, that seems to offer no end of possibilities from its extent, the resources of the country, and the facilities given by the streams running into the bay. Its future capabilities would seem likely to perpetuate the memory of the man whose name it bears, and whose efforts have been so persistent for the development of the country. Its trade possibilities are, however, almost neglected at present, and lead one to think that more attention given to the east coast might repay the expenditure. It is from this part of the country—from Lahad Datu, Simporna, and Tawao—that much of the export trade of Borneo is derived. Would this not expand under certain stimulation?

Leaving Tawao, we proceeded for the site of the mines of the Cowie Harbour Coal Company on the Silimpopon River. The first thing that strikes one in the working of the mine is the great difficulty entailed by the labour question. At present there are employed a mixed lot of Chinese, Indians, Japanese, Sulus, and indigenous dwellers. The actual miners are either Chinese or Malays. Up to the present it is practically all development work that has been carried on, but the company is increasing its output and deliveries month by month. The area now proved by diamond bores will certainly yield about 7,000,000 tons, and it is a fair assumption that a large

quantity of coal exists to the deep of the line of boreholes which extend over a distance of three miles east to west, along the strike of the seam.

Regarding the important question of transport, the company has constructed a 2 feet tramway from the mines to Silimpopon River, where it is possible to load lighters, which are towed to Sandakan, avoiding further handling. It is proposed eventually to carry the line nearer to the Kwala (river mouth), where ocean-going steamers can load direct. A depot is also being constructed on Sebatik Island (half of which is British and half Dutch), where steamers up to 28 feet draught can load. As to the characteristics of the coal, it has been tried on ocean steamers, and has proved superior in steaming qualities to Japanese or Bengal coals. In general it exhibits similar qualities to Newcastle coal at home, the ultimate analysis giving 77 per cent. carbon. The coal makes excellent hard shiny coke, one ton of coal making 60 per cent. coke, which is a high percentage.

As concerns the general progress of North Borneo, the figures of revenue and expenditure have slowly advanced, and are satisfactory from this point of view, though well-wishers may be excused for hoping for more rapid advances. The men who are carrying out the problem—one that has been so frequently worked out during the Colonial history of Great Britain—are, in the main, a set of able and willing officers, doing their work with much zeal, and imbued with a spirit to push forward the task in hand. Their pay is in the general way small. It is perhaps remarkable that North Borneo is able to attract men of the necessary calibre at all, on the pay offered. With improved revenues and development of the country, it is to be hoped that the earnest and devoted efforts of the whole service, from the Governor downwards, will be recognised by the Court as soon as circumstances permit.

North Borneo has a soil and climate singularly blessed in many ways. Its soil will cultivate most tropical

products, whilst, like the Malay Peninsula, it is singularly free from devastating storms and great natural disturbances. The climate is not by any means bad for a tropical country situated close on the line of the equator. The Governing Chartered Company has as an asset a country that stands at no very big figure in the balance sheet, a round sum in liquid investments, and such things as Government buildings and works. The territory is undoubtedly capable of a good deal of development, but its capabilities require to be more thoroughly known, whilst population is particularly required. This is a want that is experienced over the whole island of Borneo. The one great matter—as it has always been—is this question of labour supply, which North Borneo has stood quite as much in need of as capital. Population is still meagre. Chinese come in in fair numbers, either as free men or contract coolies for estates. I was glad to learn that arrangements had been made with the authorities of Netherlands India for Javanese immigration. These men are wanted for the rapid extension of rubber planting, for mining, and in other ways. North Borneo should be the gainer by this influx, for if capital finds a ready labour supply it is likely to be more easily attracted. One terror to capital has been removed by the fixity of Straits exchange, which measure North Borneo has perforce to follow.

CHAPTER IV.

GLIMPSES OF NETHERLANDS INDIA.

A Launch Cruise—Breakdown of Engines—Connection lost at Boelongan—A Sojourn on Tarakan Island—Oil Production—Samarinda—Balik Pappan—Its Great Development—Oil Refinery—General Growth in a Decade—Pulo Laut—Java—Sourabaya—Dutch Colonial Methods—Sumatra—The Tobacco Industry—Pulo Way—Its Possibilities.

WHEN I left the Tawao district of British North Borneo, I was bound for Boelongan, in Dutch East Borneo. Normally, and as a regular thing, there is no communication between the two districts except such as may be afforded by a native boat, trading amongst the labyrinth of islands, rivers, and their kwalas (mouths). Through the courtesy of the managing director of the British North Borneo Company, the company's launch *Chantek*, stationed in Tawao waters, was placed at my disposal, in which to make the passage either to Tarakan or Boelongan. At either of these places connection could be made with the steamers of the Koninklijke Packetvaart Co. This company's services embrace the whole of Netherlands India, touching, on one route or another, almost any port from Acheen in the north of Sumatra to all ports in Java, and as far afield as Celebes, the Minahassa, and down to New Guinea. The launch was called the *Chantek*, which in Malay is "pretty," or "beautiful." She was a hefty little craft, stiff, doubtless, if she met any weather, which we were not called on to encounter, for our route was in the confined waters of small inland seas, or through trusans, which are passages connecting two rivers, or arms of the

sea, and in the rivers themselves. *Chantek*, meaning "pretty," naturally recalls the saying of "Handsome is that handsome does." Well, whilst the good launch was comely to look upon, she unfortunately did not fulfil the second part of the statement quoted, inasmuch as we failed to connect with the steamer at Boelongan.

We cleared out from the waters of Cowie Harbour in the afternoon, and skirting the end of Sebatik Island, we coasted along the island of Noenokan, a considerable island also, and unfortunately too frequently a refuge for runaway coolies from North Borneo. Indeed, we had on board two police attending the District Officer of Tawao, who was likewise proceeding to Boelongan to interview the Controleur on the business of getting some runaways restored to the labour for which they had secured considerable advances. The first evening found us at anchor at the south-west end of Noenokan.

Though we were off at 5.15 a.m. next morning, my view of things was shortly after considerably changed, when I learned from the serang of the launch that it would not be possible to reach Tarakan that day. The rest of the crew on the launch, I may say, consisted of three sailors, natives, and three Chinese as engineer and engine-room staff. I may also say that the Dutch mail steamer was appointed to leave Tarakan that day, but there was always the alternative of getting her at Boelongan the following day. Consequently there seemed as yet no cause for anxiety. Soon after starting, we had to stop, as there was insufficient water for our 6 feet draft at the entrance to the trusan known as Sweet's Pass. Passing this obstacle, we were treated to many miles of Nipa palm—that valuable roofing material for this part of the world—with an occasional bit of jungle close at hand. We had a long steam against a strong ebb tide in the Simajang River, until we struck the main Sibuco stream, of which it was an arm, and thereafter made better progress with the ebb in our favour. As we had not found the Sibuco River in flood, as recent

rains had given too much reason to anticipate, it seemed Tarakan was possible by the evening. About 3 p.m. an ominous thump in the engine-room indicated, however, that all was not quite right in that department. A brief examination showed that something was wrong with the plunger of the injector pump. The No. 1 was soon busy, with the assistance of his two aides, but when a couple of hours had passed and the part had not been replaced, it was evident we would find our night's anchorage—it is impossible to twist and turn amongst all the rivers and trusans at night unless you have spent your life at it—where we were, abreast of Tanah Merah Island. At dusk the repairs were effected, and we hoped for the best. It may, perhaps, be noted that we had not seen the sign of a single habitation all day, and only one native prau (boat) passed us near sunset. Apart from the three persons in it, the only living things we had seen were two storks and one monkey; but it was a revelation of wealth in nipa palm, which graceful and useful article attracted one at first, but grew strangely monotonous as mile on mile supervened. The waters we traversed were mainly yellowish at sea, and brown, stained from buckau (mangrove), in the rivers.

The hour of five saw us under weigh next morning, but we had only progressed for half an hour when we proceeded to sit deliberately on the mud and wait for the water to rise at the entrance to a trusan. The entrance was veritably nothing more than a rabbit-hole amongst the nipa, which the launch had almost to part to make an opening for herself. Thousands of crawling fish, endowed with a couple of feet, scampered about on the mud foreshore for all the world like so many rabbits in their movements, whilst snipe seemed plentiful, besides an occasional glimpse of a kingfisher, not only the small species we know, but also magnificent specimens as large as pigeons. A long course more of nipa, and then into another inland sea, and shortly the two red tanks of the Koninklijke Nederlandsche Petroleum Maatschappij,



DERRICK AT TARAKAN.

situated at Lingkas, on the island of Tarakan, came into view. They form so excellent a landmark, and are visible for so considerable a distance, that it was not till near noon that we anchored abreast of them. Obtaining a native to act as pilot, we proceeded up the adjacent Pamoesiang River, and at the pankalan (landing place) met the general manager of the oil works. From him we learned that our vessel, some hours behind time, had only left Tarakan that morning instead of the previous day. Hope need not be abandoned, therefore, and we turned to make the best of our way to Boelongan. Nearly three hours across the inland sea brought us to one of the mouths of the Boelongan River. We passed up this some way amidst the eternal nipa, and through one or two trusans, till we reached one of the main arms which branches from the river just below the town of Boelongan. Despite every effort on the part of the serang, it was impossible to see after 7.30 p.m., though we were only three tanjongs distant from Boelongan. Natives seem to measure their distances on rivers by tanjongs, which are practically either small peninsulas or marking bends, and as these tropical rivers seem to consist of eternal curves, perhaps the method of reckoning is not unsatisfactory. A tanjong may, however, indicate one mile or several.

At the first pinch of daylight we were moving again, and made Boelongan a little before 7 a.m., to find that the steamer we wanted had sailed at 5.30 ! We had missed her by little more than an hour. No words sufficed to deal with the situation—it had to be accepted. It was not like missing a train, and waiting for an hour or two for the next. Here was a case of weeks at least. Truly “the best laid schemes of men and mice gang oft agley.” Mine had for the time gone very much agley. We had not encountered the steamer on the way out because she had made for the sea by another arm, proceeding, say, practically due East, and, then somewhat South. We were coming from the East, but along the northward

of the two arms. These met only half a mile below Boelongan, and afforded no means of seeing or intercepting her with dense jungle between. Time seemed of no moment, and as the engineer had now a check valve leaking, or something of the sort, it was decided to remain a day and let the engines be overhauled before the return run was made. Besides coal, which was got from a fine-looking old Arab and was cheap, though the No. 1 in the engine-room said it was very bad, stores and provisions were needed.

Boelongan seems to do a fair trade despite the heavy duties and calls made by the Sultan on the people, which are calculated to crush any industry. A good deal of the produce really comes from North Borneo territory, for, whilst the mouths of the rivers hereabouts are in Dutch territory, the upper waters are all in North Borneo. The town possesses a fair pier, consists of a single street skirting the river, with occasionally houses on either side, and has some fairly good Chinese stores. Dutch authority is represented by a controleur, our equivalent of which rank is probably district officer.

An early start was made again the following morning, and Tarakan was reached at 6.30 p.m. Putting our baggage on a lighter moored off the shore, we said good-bye to the *Chantek* at 6 a.m. next morning. Later we came round from Lingkas, which is the port of shipment for Tarakan, to the Pamoesiang River. Twenty minutes later we were at the spot known by that name, where the oil wells are situated. Here we were for a good fortnight. I can only say we were most hospitably received by the general manager of the Royal Dutch Oil Company, who kindly placed a bungalow at our disposal, and fitted us out with all the necessaries we needed or even desired. The community here only consists of six white men, of whom four are Dutch and two German. Two Canadian borers had recently left. Amongst this small community life was made so very pleasant for a fortnight that one will not readily forget the experience.

The island of Tarakan lies off the east coast of Borneo, and was formerly exploited by Mr. McDonald Cameron, sometime M.P. for Glasgow, who spent several years in the island. Certain success rewarded his efforts in seeking oil, but bad luck pursued him, and a fire did great damage when he had got his oil. The concession was taken over by the Royal Dutch Petroleum Company, who now work the sources as part of the vast network of oil interests they have in this part of the world. As the original concessionaires get a royalty of a half guilder per ton of oil produced, and as the oil is being procured in good quantities, they are doubtless not doing so badly after all with their bargain. The number of guilders due in some twenty-four hours is not to be despised. For the rest, one is here quite cut off from the world. You are away from the cable, and naturally there is no morning paper. It is, whether you will or not, a case of "the world forgetting, by the world forgot." It is a place that abounds in more species of insects than I had ever before suspected were in existence.

The shipping port of Tarakan is known as Lingkas, where you will find one or two employés of the company and a handful of coolies, besides two 4,000 ton storage tanks for the oil. This commodity is produced at Pamoesiang, about four to five kilometres inland, and can be reached by walking along the route of the pipe line through the jungle, or by sea to the river from which Pamoesiang takes its name. There the manager and his five assistants (engineers, accountant, and drillers) reside. Three wells produce oil at present. Owing, however, to the fact that at the time of my visit the pipe line connection used to fill the steamers at Lingkas had been broken, one only was flowing, the other two being shut down. A proper pier was about to be erected at Lingkas, along which the pipe line connection between the storage tanks and the vessels loading will be laid. The one well flowing produces roughly in the neighbourhood of 100 tons of oil a day—sometimes

more and sometimes less. It is a very valuable kind of light oil. Boring operations were also suspended, as it was not desired to get another strike until the means of getting it away to a distillery were available. There is no refinery at Tarakan, and until the produce far exceeds what it looks like now, it would not pay to erect one. At present temporary storage is provided at Pamoesiang in wooden vats, holding possibly 100 tons each, pending the oil being pumped daily to Lingkas for storage and shipment. The intention was to erect five tanks of 500 tons capacity each; two were being rapidly put together by a gang of Chinamen under contract at the time of my visit. Owing, doubtless, in part, to an excellent supply of pure water, the general health of the community is very good. The water is got from the river well away from any native kampong, and is not contaminated. The labour force is some 150 men, consisting of Chinese, Javanese, Buginese, and others. The few police come from Menado and profess Christianity.

After three weeks the steamer took me *via* Samarinda, the capital of the Koetei in East Borneo, to Balikpapan. Samarinda is situated on the main Koetei, or Mahakam River, as it is known to the natives, some five to six hours' steam from the sea. It is here the Dutch Assistant Resident has his office. The position of the town is very picturesque, the river here opening out into almost a lake, flanked with hills. Indeed, looking down the river, it appears at first sight as though there was no outlet at all in that direction. The place is hot and mosquito-ridden, but not particularly unhealthy. The main bulk of the native population lives on the right bank of the river, where the Sultan likewise has a palace, though he is not often there, his main residence being at Tengarong, some hours' steam up the river. The few Europeans, the Luitnant China, and the bulk of his countrymen live on the left bank. The river forms the main artery of communication right through the country. It is certainly a grand stream,

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with deep water close up to the banks. A depth of 20 to 25 feet right up to the shore is quite usual at Samarinda. It is the main and, indeed, the only means of communication through the country. What is required are roads branching from it to act as feeders. Capital and labour are likewise both required to develop the country, the latter quite as urgently as the former, for the native is, generally speaking, not a hardworking man, and as life comes pretty easily to him he is called on for comparatively little effort. If the two elements required are both forthcoming, there are plenty of possibilities in the country itself. The only European industry is the saw-mill. It is owned and worked by a Scotsman, and as it has been enlarged, and a slip for repairing vessels added, the inference is that it is prospering. The timber worked here is a softish red wood, used very extensively in houses and other buildings. The timber is floated down river from up-country in big rafts, with rattans and other jungle produce piled up above. Coffee used to be fairly extensively grown in the district both by Europeans and natives, but it is now practically killed out. I am sorry to record also that the coal mine of the East Borneo Company at Batu Panggil, a short distance above Samarinda, has not proved successful, and has ceased operations after losing a good deal of capital. That Samarinda carries on a fair trade with Macassar is evidenced by a considerable fleet of praus. These are curious vessels with high sterns and long bowsprits, set at about an angle of 45° to the hull. They are almost invariably painted a brightish blue, and are picturesque and moderately seaworthy.

When I saw the first bench of stills lighted at Balikpapan, some seven years before, it seemed one was assisting at an adventure that would lead to a great industry. That has now been fulfilled in a large measure, but, considerable as the figures have now become, they still remain only in the development stage. Enough has now been accomplished to make the name of Borneo

oil known throughout the civilised world. It has been achieved almost entirely by British capital. It was the firm of M. Samuel & Co., of London, who created the Shell Transport and Trading Company. This company secured from Dutch concessionaires the rights over a considerable area of country in the Koetei district of East Borneo. When the possibilities of the fields had been somewhat exploited, and their capabilities demonstrated sufficiently to make it probably successful, a company was formed in accordance with Dutch laws, which require that only Dutch subjects or companies can hold and work concessions in Netherlands India. Thus the *Nederlandsch Indische Industrie en Handels Maatschappij* was formed, but it was British enterprise and energy, and hitherto British capital, that has so far been employed. Now that the Shell Company and the Royal Dutch Petroleum Company have amalgamated their interests, and the Dutch Company has become a holder of a fourth of the ordinary capital of the Shell Company, the Dutch Company is more concerned with the undertaking. I may, perhaps, remark here that the Royal Dutch has recently been at work in the neighbouring district of Sanga Sanga, having taken over the concession of the East Borneo Coal Company as regards oil. That company possessed an extensive area on both sides of the Mahakam, or Koetei River. I may, perhaps, also note, as the East Coast of Borneo is not exactly well-trodden ground, and that it is pardonable that comparatively little is known of it by the ordinary public, that Balikpapan, the headquarters of the Shell Company, is on a bay that may or may not be correctly marked on atlases of some repute. The bay lies to the north of the town of Passir, about midway along the coast from that town to the delta of the Koetei River, or Mahakam, as is its native name. This bay is near the southern boundary of the territory, within which the rights are granted to search for and gain minerals. The northern boundary is about the Mahakam River, and the concession runs some miles into the

interior and up the river. Its square mileage is, therefore, very considerable. The term of the concessions is for sixty-five years, and at the expiry of that period it can either be renewed, or the Sultan has the right to take over the works, buildings, etc., at a valuation. The conditions are not very onerous. Half a guilder a ton has to be paid to the Sultan for all oil shipped, and the original concessionaire, besides the lump sum paid in cash, likewise receives the same amount from the company. There is good water in the bay and good anchorage for the considerable fleet of steamers which is often assembled.

The first thing that struck one on visiting the place is the largely increased number of tanks for storage. Painted red, with usually a white top, they are decidedly conspicuous objects as you enter the bay, even if they are not ornamental. Three new piers had been constructed, with a depth of 30 feet at low water springs, and instead of the two or three pipe lines to load the steamers from the storage tanks you may now count eight or nine that will load 250 tons per hour—a rate that soon fills up even a steamer of great capacity. The tall attap-roofed derricks, indicating either a well already opened, or one in process of being bored, have practically disappeared. Only one remains, and that covers a well which, though its production is only two or three tons per day, is the most valuable well of the company. The quality of its oil is far beyond that of any other well on the concession, and the fact that such oil exists at Balik Papan is a happy augury of what may yet be found. Even the desire to get larger supplies of the superior Balik Papan oil had to give way to the necessity for increased storage, and now it is impossible to drill more wells at Balik Papan without exposing the whole of the stocks and property there to the risks of fire. Unfortunately, the ground in the immediate neighbourhood of Balik Papan is covered deeply by sand, and no geological outcrops exist to show the trend of the anti-

clinal fold, but about five miles to the east the anticlinal has been picked up. As what is known as the water flush system is adopted for boring in proved ground, the rate of drilling is much accelerated; but care has to be exercised in this system, and great attention on the part of the driller, or the oil may be driven away—perhaps a mile or two. Great efforts are at present being made from either end to get at the middle part of the concession. There are trained geologists, beside surveyors and a force of some hundreds of coolies employed. The difficulties to be encountered are very considerable, arising from the density of the jungle, the swamps to be traversed, and the unhealthy condition of many of the districts to be exploited.

On entering Balikpapan Bay the first buildings (seen on the right hand) belong to what may be termed the Dutch Administration. Then you come to the piers, tanks, offices, and stores (including a co-operative stores for the benefit of employés). Behind these, and above on the hill, are the houses and quarters of the considerable foreign staff that is required in the various departments of the business. The disorder that previously prevailed—not intentionally, be it understood, but as a result of labour requirements and the desire to push on with the main work at all costs—has been worked down to an orderly condition. Passing on one comes to the refinery, with its tall chimney belching forth smoke. In the vicinity also are the machine shops, where work and repairs of all kinds are carried out, the pumping station, saw mill, foundry, and sulphuric acid plant. At the refinery the continuous system of installation is employed. There are at present twenty-eight stills, with an intake capacity of 12,000 tons of crude oil per week. Two more stills were contemplated. An improved plant was being installed for manufacturing sulphuric acid and cleaning it for use again. The acid is used for purifying the oil when refined. A new work about to be undertaken was also the erection of a tinning



ENTRANCE TO HARBOUR, BALIK PAPAN—MANAGER'S HOUSE ON SEASHORE

plant. Hitherto at Balikpapan the oil has only been handled in bulk. Now tinning is also to be undertaken, the preliminary plant to be capable of handling 10,000 tins a day, to be subsequently extended to 20,000 tins. Electric light is employed everywhere, so as to minimise fire risks. A new plant was about to be installed for this, and two Diesel engines, each of 250 h.p. capacity, were about to be erected. They would be the first of these economical machines to be set up in the Far East. Of other plant about the concession, one may note a brick factory, which has a capacity of 8,000 bricks a day.

Beyond the shops and refinery one comes to the main coolie lines, where there is also a good market for supplies of vegetables, and the excellent fish that seems so plentiful. Here also is located the chief police station for the force that has to be kept to maintain order amongst a population, now grown to a total of 3,000 persons all told. Of this the actual labour force is 1,000 to 1,200, the balance consisting of shopkeepers, women, and children. The muster of foreign employés on the concession was near 100, of whom rather more than half is employed in the Sanga Sanga district, where the oil is mainly produced. At Balikpapan there is a club-house for the employés, where two billiard tables, a piano, and a reading-room are provided, and alongside this, again, are the tennis courts. The company does what it can to make the life of its employés pleasant in a spot somewhat off main line routes, and the community, as I saw it, seemed a happy and contented collection of individuals. The general health seemed to be excellent.

When I saw the oil field in 1900 there were nine producing wells at Sanga Sanga, and five at Balikpapan. In the early part of 1907 there were 72 producing wells at Sanga Sanga and one at Balikpapan, of which 35 were flowing light oil, 15 heavy oil, and 16 wax oil. At Sanga Sanga is the company's famous well 76. It began to spout on March 30th, 1904, and up to October, 1905,

produced 150,000 tons of oil. At that date the flow had declined to 130 tons per day. It then suddenly broke out again with a production of 1,000 tons per day, and the total production to the end of January, 1907, was 305,000 tons. Perhaps it may be specially noted that the whole production was actually put into storage; nothing was lost. Another phase in the production of the oil is the discovery of crude oil of a paraffin base, which contains from 3 per cent. to 6 per cent. of paraffin wax. Large quantities of the crude oil produced contain: Benzine, 12 per cent.; kerosene, 50 per cent.; wax, 5 per cent.; liquid fuel, 33 per cent. It was under consideration to erect a plant for the preparation of paraffin wax. The production of 1,000 tons and possibly 2,000 tons of this wax per month was suggested. The refrigeration would probably be by the brine process, which is the same as at the Pankalan Brandan refinery of the Royal Dutch Oil Company in Sumatra.

The oil produced at Sanga Sanga is conveyed in hoppers to Balik Papan for refining. It is worthy of remark that all the engine power required at Sanga Sanga has been provided by natural gas. Steam is not required, as all power, whether for boring or other purposes, is naturally provided. It is given at a pressure of 153 lbs. to the square inch. Another feature to note is that the benzine, the volatile product of the oil which could not be handled before, and was burned in the jungle to the extent probably of some hundreds of pounds sterling daily, is now all saved. People have discovered that the usefulness of benzine is its boiling point, and not its specific gravity. As the authorities would not permit its passage through the Suez Canal, it was conveyed in the large tankers of the Shell Company, carrying some 8,000 or 9,000 tons each trip. These vessels complete their loading and supplies of fuel oil at the company's depôt in Singapore (at Pulo Bukan, or Freshwater Island), and thence steam all round the Cape of Good Hope to the Channel, for orders. It is a long run of continuous

steaming for 48 to 51 days, but it saves the product that was not formerly marketed, and there is no longer the necessity for the wastefulness that previously prevailed.

In the matter of storage capacity there is at Balikpapan at present room for 100,000 tons. At Sanga Sanga tanks will contain 62,400 tons, besides an open reservoir of 40,000 tons capacity. The total storage capacity has been several times insufficient, when the surplus had to be left to run away. A scheme was under consideration for crude oil storage at Balikpapan, totalling 100,000 tons in tanks of great capacity. If this was carried out there would be storage for, roughly, 300,000 tons collectively at the two places, which would probably prevent the loss of oil that now occasionally takes place.

It was only in April, 1898, that active operations were commenced. What has been achieved since that time is certainly a tribute to the men who have had the work to do on the spot. They have had to, and still do, display considerable energy, coupled with capacity, and one and all has apparently done what in him lay to forward development work. The Netherlands Indian authorities have also generally assisted, whilst by tact and complaisance the relations between what was practically, though not legally, a British institution and the powers that be have been generally of a friendly nature. There has been a comparative absence of red tape, or of that stamped paper—usually so beloved of officials in Netherlands India. It is a great enterprise, that had its mainspring in the illiberal measures of the Russian Government. Had it not been for the unreasonable action of that Government in regard to foreigners and the carriage of petroleum under alien flags, it is probable that the Shell Company would not have been induced to produce oil on their own account, but have been content with the rôle of carriers and distributors of oil. Russian action has had far-reaching effects in the great industry now carried on in East Borneo. In the jungle-

covered wastes of that country has been created a great industry.

Quitting Balik Papan the next port of call is Passir, a place that provides the usual quota of rattans and getah got in these parts. One then comes to Kota Baroe on Pulo Laut. It is picturesquely situated on the straits which divide the island from Borneo. No sooner do the cargo boats come along than the wealth of rattans is again in evidence, but there is likewise a fair number of bags of white pepper for shipment. Pulo Laut grows excellent pepper, and the island possesses a good number of estates, many being owned and managed by Europeans. There is a Dutch Controleur stationed here, but in Kota Baroe there are no other whites and no foreign merchants. Half an hour after leaving the port you come to Stagen, the port of shipment of the coal found a few minutes' walk away at the foot of the hills. It was the making of a contract for this coal by the Norddeutscher Lloyd which led to the scare that the island was in process of annexation by Germany. Such a rumour died a natural death. The coal here, as is the case with most Borneo coal, is of too recent formation to be of really good quality. It will not bear exposure to the elements, and accounts of its burning and steaming qualities are not of an enthusiastic nature. Proceeding through the picturesque strait between Pulo Laut and the south-eastern corner of Borneo, twenty hours brings you to Bandjermassin, the seat of the Resident, the leading Dutch official for this territory. Here also is an Assistant Resident, a fairly full office staff, and a detachment of military. The place carries a considerable air of prosperity in its general appearance, and the Packetvaart Company has a good number of steamers calling on different runs, besides a regular weekly boat to and from Sourabaya. The company also has a stern wheel steamer which makes a trip up the river, lasting ten days, once a fortnight, taking six days for the upward trip and four days down stream. Bandjermassin itself is situated about twenty-

five miles from the bar, which, like so many others to the Borneo rivers, does not permit of any very large steamers coming up. It does a fairly considerable trade—largely in jungle produce. The river, which is the main artery of the town, though there are some miles of moderate roads, presents a fairly busy scene with its constant stream of small boats passing up and down, and its lighters either moored to bank or alongside a steamer. Many of the smaller craft are shaped like the well-known Venetian gondola, only instead of the long sweeping oar they are propelled by a couple of paddles.

In due time the steamer brought me across from Bandjermassin to Sourabaya, a run of twenty-seven hours. Whenever visiting Java, the traveller, whether on making acquaintance with the island for the first time, or after repeated visits, cannot fail to be struck with the magnificent natural conditions that prevail. Subject to periodical volcanic disturbances, too frequently of a violent and subversive character, there yet remains the magnificent soil and a teeming population. The latter, though Nature has been so bountiful in providing for their limited wants, must yet do something to live. One cannot help admiring much in the Dutch Colonial system, though one may possibly not approve of all that prevails. It is not the British system; indeed, it is quite dissimilar in many of its methods. The two countries continue to be the two greatest colonial Powers, as they were throughout last century. Both have the governance and custody of native Asiatic races, and they govern, one may hope, with the aim of combining fairness to the native with the advantage that comes to the alien lord of the land. The broad difference seems to me to be that British administration is almost needlessly in sympathy with the native (I do not mean in any sense injustice), and social amalgamation is never aimed at, or in the least attempted. The Dutch system in Netherlands India is, on the contrary, that of working down more to the Asiatic standard, and disclaiming, except

for official purposes, that assumption of social superiority which is so characteristic of the British method. The Dutch, particularly in social matters, go a good way in the opposite extreme. Their municipal and conservancy rules are less harassing, and native methods of punishment for crime, of whatever description it may be, are more closely followed than under the British flag. In many cases, according to our ways of viewing crime, this procedure bears more heavily on offenders. The Dutch follow local customs to an extent that is calculated to gain the goodwill of the native. We endeavour to attain the same end simply by an exercise of rigorous justice that the native does not always comprehend, nor does he appreciate the motive whence it springs. In many matters the Dutch leave the native to native methods of administration, and this does undoubtedly lead to native goodwill, though it does not provide that example of elevating influence that is one of the boasts of Western civilisation. In many matters they leave the native at exactly the same standpoint at which they find him. The same tendencies that one noted previously seem still to prevail. There is the same tendency to slovenliness of dress, absence of punctuality in small matters, tendency to sleep much during the working hours of the day, and similar habits. These must proclaim to the native that the white man makes no affectation of superiority in those directions, though they supplied the basis of his former victories over indolent Asiatics.

Circumstances, as I have said, took me first to Sourabaya. It is the great port of shipment of produce in Java, having the larger portion of the main staple of sugar passing through it. There are actually more Europeans here than in Batavia, though that town is the seat of finance, and many of the main Government departments for Netherlands India. To say that Batavia is the seat of finance does not mean that Sourabaya has, for instance, fewer banks than in Batavia. There are as many in the one as the other. Three of the banks,

including the Hong Kong and Shanghai Bank and two of the Dutch banks, were going into new premises. Up town the quantity of building recently completed and now in progress is very considerable. The tennis courts, which not long ago were almost in the country, are the centre now of a considerable residential district. Nor must mention be omitted of the new club, which has extensive buildings and grounds, much more commodious and better situated than its predecessor. The general sanitary conditions of the whole town seem to have been greatly improved under the municipality, whilst the excellent supply of pure water given during the last few years is not only a comfort, but has had a very great influence on the general health. In one way there is no improvement to note. The harbour that has been so often talked of has not yet been constructed, nor are any active steps apparently being taken in the matter.

The steamer run along the coast usually takes three days, allowing some seven or eight hours at Samarang, and an hour or two at Tagal and Pekalongan, and four or five at Cheribon. Arrived at Tanjong Priok Dock, twenty minutes by train will take you to the down-town station at Batavia, which adjoins the business quarter, and another twenty minutes will take you to the residential up-town district. It is in this latter quarter you will find what little changes there are to note in the way of expansion. There has been some progress in the building way there, but the Kali Besar (the business quarter) retains its old features. The same buildings, the same lots of broken pavements still remain. There is also the same fine old-world style about some of the factories and offices down-town, reminiscent of past centuries and greatness. Some buildings and godowns are historical, and a Governor-General's former palace now does duty partly as offices and partly as a tea godown. Even in its present usage it retains an air of its former grandeur. Returning again up-town when office hours are over—for no one lives down-town—one again admires

the residential portion of the town. Congratulations may be freely given to the Dutch authorities on the general condition of the districts around the Konigs Plein and Waterloo Plein; the houses are palatial; the avenues of trees picturesque; and the canal system, which the Dutch understand so well, is extensively in evidence. A blemish has been introduced in the construction of the racecourse on the Konigs Plein. It is not so much the posts and rails as the rather unsightly stables that mar the appearance.

Though there is possibly a somewhat more liberal-minded view taken of such matters as the introduction of foreign capital, than has usually permeated either the authorities in Netherlands India or Holland, there does not seem any great eagerness to aid commercial development. Too frequently what private enterprise would adventure, official discouragement and timidity chokes. There is room for further development, and what Dutch capital cannot provide might be left to British or other nationalities. Dutch capital does not receive as considerate treatment as it might have meted out to it, but foreign capital has many more obstacles to surmount before it gets introduced into Netherlands India. Capital is proverbially shy, and if it meets with so much discouragement it is apt to confine itself to places where there are fewer difficulties to be met. It is the country and the Government that suffer from the restrictions.

One other matter to refer to is labour. This is fortunately abundant in Java, if it is not very highly skilled. It is the Chinaman I would refer to, he who comes on the next rung of the ladder. Of course there is a considerable influx of *sinkeh*s, or new men, from China, but a movement is apparently afoot to restrict still further their immigration. There is a great class of *Babas* (Chinese born in the country, usually of native mothers) who have become a great trading community. The *sinkeh* of to-day works hard till he gets a step up in the social scale, takes a wife, and settles down for good. His progeny are

really another class of natives, imbued with many of the qualities of Chinese for hard work and intellectual capacity. They know nothing of China, and probably never go there, but they dress as Chinese, and wear the towchang (queue). Their descendants largely intermarry amongst themselves or with native women. They become antagonistic to the importation of further sinkehs, whose advent keeps down the price of the local labour and industries in which they are occupied. Two parties have been formed, who respectively state that sinkehs are not wanted, and that the true policy of the State should be to encourage the Babas; the other wants cheap labour continued and the importation of the sinkeh. By the way, the edict in China as to the discontinuance of the queue has had its reflex in Java. The Chinese have hitherto been under the impression that the growth and wearing of it was as compulsory—whether voluntary or not—in Netherlands India as in China. They have been informed on the highest authority that they are quite at liberty to dispense with the towchang, but that they must not normally so dress as to be mistaken for Javanese natives. Generally speaking the Chinese and Babas remain a great power in the trading and industrial communities.

A few words may be devoted to another district amongst the many rich islands comprised in Netherlands India. Foreigners as well as Dutchmen are interested in tobacco estates on the east side of Sumatra. Deli is the chief district, and is reached in a night's steamer run from Penang to the port of Belawan. The bulk of the tobacco is shipped from there *via* Penang for Europe, but Singapore and Sabang (Pulo Way) also participate. Belawan is not prepossessing, but it has worked off some of its bad name as a fever-stricken spot. The wharves, that were badly wanted on the occasion of a previous visit, have been constructed. Soon after arrival, a somewhat leisurely train on the Deli Spoor takes you to Medan. There commercially, and in banking ways, business is

much the same, with a slight addition to its volume. Chinese tokos (shops) are improved, and successive fires seem to have been of some assistance to this change. Any way, an advance is to be seen. The town maintains its characteristic cleanly and neat appearance, and might well be taken as a model for places not far distant which have greater pretensions. It looks well-groomed, and is lighted by electricity on all the roads and thoroughfares. A notable recent building is that of the club, with its really fine theatre. This, like many other improvements, is largely due to the enterprise and generosity of the Head Administrator of the Deli Maatschappij. This company, with its magnificent administration buildings occupying a great *terrain* in Medan, is the leading factor in the place. Medan bears the impress of what may be achieved if the head of the great company is concerned to assist in the public interest.

The Java Bank was about to open a branch, with the object chiefly of inaugurating the guilder as the currency, in lieu of the Straits Settlements dollar, which, whether Mexican, British, or Straits, had hitherto prevailed. Attempts have been made from time to time to introduce the guilder, but because of the necessity of regulating the bulk of its payments in Penang, where the trade of Medan is largely centred, and of paying the coolie in a coin he knew, they had not hitherto been successful. As long as there was the advantage that accrued in dealing in silver with Penang instead of in gold with Batavia, the planting interest was always against the guilder. Now that the Straits is equally on a gold standard with Netherlands India, the change has been brought about. (The guilder was already the currency at Pankalan Brandan, the centre of working of the Royal Dutch Petroleum Company.) The Penang trade will flow as before, but will be adjusted on a gold basis instead of on a silver basis. The danger from the Government point of view, one that may equally be brought on the community, is that arising from the smuggling of spurious guilders.

That coin contains only 53 per cent. of silver, and the white metal will have to rise very considerably before the profit attaching to making guilders, of quite as good fineness as the Government coins, will disappear. The facility with which spurious coins could be introduced by every class of craft will be evident from a glance at a map of the coast line. It is certainly one that must always be borne in mind.

The actual cultivation of tobacco remains on very similar lines to that followed for some years past, but improvements in manures, in treating the bibits, in detecting worms, and in other ways, are constantly the source of experiment and research. As far as the manner of cultivation, from the payment of the coolie upwards, is concerned, probably no better method could be pursued than that in force on a tobacco estate. It provides an excellent profit-sharing system. From the coolie to the assistant, the estate manager, and head administrator, and from him to the proprietor or shareholder, each does relatively as the crop grows and sells well or ill. Each has his own interest, which is identical and in common—*i.e.*, to produce the leaf as well and as cheaply as possible. Dutch law has been in the past favourable to easy working. The coolie regulations were fair, and made it possible for the man to earn money, while the planter had not the same restrictions that were imposed on him under the British flag say, in the Federated Malay States. The result was satisfactory all round, and conduced to the advancement of the tobacco industry. Now the conditions are not so easy, and the planter is hedged about with many more formalities, and harassed by the necessity of useless returns. Estate managers and administrators who were known to look well after their men were not bothered too much by officialism, and the trouble saved all round by the system was considerable. Many wish that those conditions still prevailed, but the planter has now much more to contend with. Nor does the Government omit to exact taxation from estates, and also

of an individual or personal nature. These taxes have not hitherto been excessive, perhaps; at least, they would not be were an equivalent given for the money gathered. A certain amount of police protection is, of course, forthcoming in the event of its being required, but as to making roads, or such like works, the Government does not act up to its obligations. The planters provide the bulk of the revenue and are entitled to have more done for them.

Ere leaving the subject of Sumatra, mention may be made of Sabang (Pulo Way), where a considerable amount of capital and energy have been expended to constitute it a coaling station, and an *entrepôt* for trade that would possibly be a rival to Singapore and Penang. The island is situated at the entrance to the Straits of Malacca, about thirty miles off Acheen Head—the most northerly point of the island of Sumatra. Its position would, therefore, seem to indicate that it was admirably situated for a coaling station, as all steamers traversing the Straits must necessarily pass quite close to it. There is good water. The company that has taken the matter in hand is the Sabang Bay Harbour and Coal Company, which is under contract to supply the vessels of the Netherlands navy with coal. It has at its disposal two wharves, at which the depth of water is 30 ft. at low water springs, so that anything that can negotiate the Suez Canal is able to go alongside. The storage capacity in its twenty-six coal sheds is considerable, and the stocks kept include Indian, Cardiff, and Ombilien (South Sumatra) coal. It possesses a fairly complete coal outfit, and can load up to about 140 tons an hour. Overhead cranes work all along the sheds and piers, traversing all parts. Lighters are also provided so as to work both sides of a vessel at once. The floating dock has a capacity for vessels almost up to 3,000 tons, and a staff of 120 men is retained at somewhat high wages to attend to repairs.

That there is a progressive and regular traffic may be

gleaned from the fact that an average of nearly two steamers a day now enter the port. The harbour is land-locked, and the entrance is practically hidden. Pilotage is free, and is not compulsory. Amongst the vessels that now call are the Dutch mail boats, where they are in connection with the vessels of the Koninklijke Packetvaart, whose steamers meet all the mail steamers outwards and homewards.

The only local industry at Sabang, apart from possible repairs to calling steamers, is the manufacture of white pepper, which is a monopoly of the Atjeh Trading Company. In other ways the disadvantage of little or no cargo offering for the liners provides little inducement to them to call. If steamers, outwards and homewards, for China and Japan ports were not in the habit of carrying Straits cargo, they might save a little time in coaling at Pulo Way instead of at Singapore or Colombo. But, generally speaking, all these vessels carry Straits cargo, and have thus an object in calling at the ports apart from the question of fuel supply. So long as such conditions prevail, there is little chance of Pulo Way attracting any appreciable portion of the Singapore or Penang traffic.

CHAPTER V.

PROGRESSIVE SIAM.

The Menam—A Rehect of the Burmah War of 1885—Roads and Bridges—The Motor—His Majesty the King—Politics—Treaty Revision—Railways—Currency—Monetary Standard—Gambling—Education—Some Incongruities—Sanitary Measures—Water Supply.

THE changes that have been wrought in two decades at Bangkok have been very considerable. That period had elapsed since my previous visit. One has not to be long ashore—and it is more ashore now that one is—to note that considerable water has flowed under the klong bridges. With the growth, change, and development of Bangkok people have become less amphibious than of yore. The magnificent Menam, the Mother of Waters, still contributes its majestic power for the benefit and well-being of the country. As one approaches the capital on its broad waters, its existence as the life-blood of Siam, and, indeed, of the nation, is borne upon one. Only the bar at its entrance detracts from its full and complete value, and there are reports now, as there have been before, that it may at some time be dealt with, so as to render the approach of shipping more easy, and, above all, free from the delays that prove often so costly to all engaged in trade. The foreign shipping remains practically in the hands of the Germans, as it has done since the purchase of the Holt local line and the Scottish Oriental was effected by the Norddeutscher Lloyd some eight years ago. They provide in the main for the service to either Hong Kong or Singapore in a very efficient manner. One

hears remarks from Siamese, as well as British, expressing regrets that the British flag is not better represented in a trade that is to so considerable an extent British in volume. All I can say is that the sea is there, and the route open, and there is nothing to prevent anyone engaging in the trade, as the Japanese line, the Nippon Yusen Kaisha, did for some period recently.

Arrived at Bangkok, one is reminded of the regulations as to the import of arms. All firearms have to be declared, though except in bulk the matter is purely formal. It is indeed, curiously enough, the relict of the war in Burmah of 1885, when at the request of the British Government the Siamese made the regulations that all arms have to be declared. It is purely a matter of form, and one can obtain a return of one's revolver on getting a form from the Consul. Siam herself, of course, prevents the import of arms in any quantity, which would fall into the hands of secret societies, or others, who might have reasons for disaffection against the Government. The formality of handing over one's revolver and cartridges being concluded, one is free to note the large number of launches, steam and motor, that now flit about on the river, entirely displacing the two or four-chow (two or four-man) boat that was formerly so conspicuous, and so slow by comparison. You note that Bangkok has changed in other ways, and that roads and ways of communication have progressed ashore as well as afloat. In lieu of the one bad road that previously existed, with its poor and often dangerous bridges traversing the numerous klongs or canals, you may now find many and vastly improved ways, whereon the motor car is often in evidence. It has apparently come to provide, as elsewhere in tropical countries, a means of locomotion that is most effective. Much remains yet to be done ere all the roads can be pronounced good in the commercial quarter, but near the Palace and in the new Dusit Park district they have been well made and maintained.

The King is much in favour of the motor, and many of

the nobles and foreign residents drive their own cars. With the river and waterways everywhere, it is unlikely that motor traction for heavy transport will be adopted, but as a means of locomotion for the private person it is most convenient. Whilst roads have generally been improved, the drainage of them remains very bad, and the side drains are as foul as can be. With the roads, the bridges have become more convenient. They were formerly an insecure and undesirable method of switch-back. Now they are a real study from their variety of form and construction. One may see them of practically every variety, including steel or iron girder bridges, brick bridges, and the Dutch variety of drawbridge that forcibly reminds one of Holland. Then there is the considerable district that has been opened out by the King at Dusit Park. What was only a few years ago jungle and padi fields has been transformed into a park. It is already pretty, and bids fair, from its design, to be lovely in a few years' time, when the trees and shrubs have had time to mature. In the midst of this the King has built himself a palace, where life is rendered more endurable in the hot season than in the walled enclosure in the city. The Crown Prince, Prince Dewawongse (the Foreign Minister), and others, have also residences near by, and doubtless the considerable area now opened out by the new roads will, in time, afford spots for residences.

It is adjacent that the annual fair, or bazaar, takes place, in aid of the new wat or temple that has been erected under the auspices of the King. This fair, to provide funds for Wat Benchamabopit, as the temple is known, extends over some five days, and is a very pleasant scene each evening. Thither go the King, the Queen, with a large retinue of ladies, the princes, nobles, and a great number of the general public. It provides, by means of stalls and booths, all that one may see at home in a bazaar and fair combined. There are stalls held by royalty and nobles, wealthy shopkeepers and ordinary persons. All the

profits are devoted to the wat, which is thus annually placed in funds, to carry out the work of construction. Already much has been done on an imposing scale. It is, however, the general scene that cannot fail to impress one. The King himself throws off all restraint, and freely mixes amongst all classes. The general setting is brilliant with electric lights and prettily prepared stalls; there is a restaurant kept by the Palace cooks and attendants where one may dine very well; everyone is gay and happy, good-tempered and orderly, and though the common people are there in thousands, there is no horse-play, no roughness, or anything to offend the most sensitive. There was a fine display of arms and weapons, both European and Asiatic, exhibited at the fête I saw, many being of great historical value. One may note that an elder brother of the King and a son of King Mongkut did the honours, and obligingly showed and explained the collection, which was loaned by the King and others. Let me add that the fair always takes place at the period of full moon, at a season of the year when rain is unknown, and the temperature generally pleasant.

It is, however, time that direct mention be made of his Majesty the King, who still remains, as has been his characteristic for so many years, the mainspring of improvement in his kingdom. All who know anything of Siam are aware that he is the most hard-worked and industrious man in Siam, his zeal and energy being equal to the industry of any of his Chinese subjects—men who know how to live and thrive in Siam as they do in other countries. His Majesty is undoubtedly greatly responsible for the steady progress that Siam has made of late years, and the growth of revenue, trade and communications are greatly due to his own individual labour. He speaks, reads, and writes English with facility, and thus keeps himself in touch with the outer world, whilst His Majesty personally superintends every department of the Government. At an audience that His Majesty accorded me he mentioned, half laughingly, that he had

too much work to do. More seriously his Majesty said that his health suffered now in the hot season. For this reason he visited Europe in 1907, under medical advice. But he seemed to have lost little of his former energy and determination, by which he rules the country for the advancement of the people. Nothing is too minute for him to investigate, and His Majesty exhibits a wonderful trait of penetration, and of rapidly arriving at what are the true essentials of a case, however complicated it may be. His energy is indeed a standing reproach to a people who probably are the laziest in the world ; who are ever ready to put off anything that is not imperatively required to-day, and whom Nature in her bounteousness has liberally provided with the means of subsistence on possibly the smallest amount of labour that can be conceived. That his people hold him in adoration is well-known. A national fund is now being raised to commemorate a reign that has now endured for 41 years. Out of the fund collected a statue will be erected to His Majesty, and the balance handed over for his disposal for any objects he may decide upon. The Crown Prince, who it will be remembered was educated in England and passed through Sandhurst, is president of the committee of the fund. Only in one way is the policy of His Majesty open to question. I refer to the great expenditure on the army, which amounts to nearly one-fifth of the declared revenue. There seems no reason to expend so considerable a percentage on military matters. The King is ably assisted in his task of ruling by their Royal Highnesses Prince Damrong, the Minister of the Interior, and Prince Dewawongse, the Minister of Foreign Affairs, amongst other Siamese. It would be good for Siam if the list were a lengthy one ; but unfortunately it is not so, and reform has yet a considerable road to travel. The energy and enthusiasm of His Majesty make him greatly respected by his foreign advisers, who constitute a considerable number of earnest and capable Europeans employed in the different Government Departments.

They have done good work in the task of administration, though they are unable to rectify abuses that they too frequently see all around them. It was my fortune to meet many of these men, and to learn a little of the yeoman service that many are performing.

One of the greatest changes for good of late years, both for Siam and her foreign relations, was the happy selection of General Adviser to the Government in the person of the late Professor Edward Strobel. The Siamese, in days gone by, had from time to time unofficial advisers, such as the well-known Mr. Alabaster, but it was not until M. Jacquemyns was called to the post that the appointment was officially notified, and the occupant recognised by foreign Governments. The appointment of the Belgian adviser was not renewed, but the happy selection of Mr. Strobel as his successor was made. His assistant and fellow Harvard colleague, Mr. Jens Westengaard, ably seconded his work. Professor Strobel advanced all work where the Foreign Office and any foreign representative was concerned, and imbued other departments also with the desirability of doing work to-day, and not putting it off till to-morrow. He undoubtedly improved the relations of Siam with foreign countries. There were certainly fewer causes of friction and fewer arrears of unanswered correspondence. He was honest and fearless in his advice, and did not invariably side with the Siamese. It is a tribute to his qualities, therefore, that his counsels were generally followed. Genuine grief was felt at his decease.

His Majesty is now fifty-five years of age, and complains somewhat of his health, and the fact that he feels the hot season rather severely. It is sincerely to be hoped that his energy and guiding hand may yet be spread over the land for many years, for there remains much yet to be consolidated ere such an influence can be spared. He has a spirit entirely above pettiness, and if he is lavish in his expenditure on palaces and in such-like ways, we may

note that this is only an aside, and that the advancement of his country, and honesty and integrity in its administration, have ever characterised him. It is in every direction he displays his qualities, whether in overlooking and pardoning the too frequent delinquencies in Siamese administration, or the disappearance of funds in other directions to those in which they were destined. Or, again, his open-mindedness and liberality are exhibited in the gift of a new site for the Protestant Church. The old site on the river bank had originally been his gift. It became very valuable, and His Majesty permitted it to be sold (half was taken by the Borneo Company, and half by other purchasers), and the proceeds devoted to the erection of another and finer edifice, for which, as I have said, His Majesty donated the site. One is led to wish that all these varied qualities may descend to his successor. What of the future is often referred to by those who look ahead in Siam? The Crown Prince has been liberally educated in Europe, many years being passed in England. It is sincerely hoped the seeds thus sown will bear good fruit in the due course of time.

The political horizon in Siam has presented a quieter aspect for the last few years than it has exhibited for a considerable period. The two most important matters in the near future relate to Treaty revision and railways in the Malay Peninsula. One of the excellent reforms inaugurated by the King has been the abolition of gambling. From the letting of the farms considerable revenues have hitherto accrued to the Government. The gambling houses have now been closed in the country, and they are in process of being extinguished in Bangkok. The Chinese farmer has had a good time, and the Government obtained a good revenue, but the peasant lost the proceeds of his crops on the fantan mat, and the economic results to the country became patent to the Government. It is sought to replace this revenue by an advance in import duties. At present, under treaties made in the fifties of last century, the import rates are about 3 per

cent. on imports generally, and about 5 per cent. on spirits. The Siamese Government suggests a general rate of $7\frac{1}{2}$ per cent., which need not be considered as excessive, and one that savours of revenue and not of protection, if it be any comfort to anyone's soul to so look on it. Anyway, it cannot be considered unreasonable. The nation most concerned is Great Britain, whence comes the bulk of the imports into the country. It is obvious that arrangements should first be made with that country, and then with Germany and other Powers that also really have interests. Having done this, Siam could denounce the other commercial treaties, for if she waits to agree with all she might be as long as Japan was in endeavouring to get revision through. The real point is: What does Great Britain require in return for her consent to a general $7\frac{1}{2}$ per cent. tariff? Probably she would be content if the hint, already thrown out from Siamese quarters, was acted on, and machinery placed on the free list of imports; if changes were made in the tenure of land by foreigners, and the bar at the mouth of the Menam River was dredged. The first of these possible demands needs no further explanation. As regards land tenure, no British subject can at present own or rent houses or lands outside the area of possible distance from Bangkok covered by a native boat in 24 hours. It is desired that this restriction be rescinded. The removal of the bar needs little remark, for it has been a debated subject for many years. Remove it, and Bangkok is a possible port of call for ocean steamers, which would probably be to the improvement of the trade of the capital. The objection hitherto has been on military grounds respecting the defence of the country. It is certainly a bar to any large vessels proceeding up, but it is no bar to any force requisite to cope with the resistance likely to be offered to a Power competent to send such a force. Whether expert opinion holds that the conditions of the river Menam would be affected I cannot say, but only on the grounds of damage to the immense interests

represented by the Menam should the prohibition to make an effective channel across the bar be allowed to prevail.

There has also arisen around the matter of the revision of the treaties the question of extra-territorial rights. Siam chafes at the provisions, and more especially as regards foreign subjects of Asiatic birth. One is aware that protection has often been demanded by Asiatics from this or that Consulate, and "subjects" have at times been made in a wholesale and loose fashion. We can appreciate the irritation that must have been caused the Siamese Government from time to time by these measures. The Siamese argue that extra-territoriality was only intended for the pucker white man, and not for the Asiatic. Possibly that was the main underlying intention when the treaties were negotiated; so that Europeans were not at the mercy of a State with different views of civilisation, and without either a proper code of laws, or the trained men to administer it.

At the moment of writing negotiations are in progress between the British and Siamese Governments for a regulation of this and other matters. The proposal is made, *inter alia*, for the cession of the Siamese Malay States of Kelantan, Tringganu, and Kedah, in return for the abrogation of extra-territorial privileges. The proposal meets with varied acceptance; the territories would be an important addition to the Federated Malay States, though the ruling power would be presumably legally complete, and not nominal (though very actual in fact) as in the case of Perak and her sisters.

There is also the 1883 Treaty of Chengmai that affects the position of British subjects. By that instrument the British Government consented, in the case of British subjects resident in the five Lao States of Northern Siam, to surrender a large portion of its extra-territorial privileges in return for obtaining the right of negotiating for and securing locally concessions in the teak forests then owned exclusively by the native Lao chiefs. Siam has since absorbed the Lao States, and deprived British subjects

of many of the advantages of the Treaty. It is no longer the Lao chiefs, but the Bangkok Government, who are the sole possessors and grantors of forest rights in Northern Siam.

The other matter concerning the railway through the Siamese Malay States has a peculiar interest for Great Britain. These States are now definitely recognised as pertaining to Siam, though within the sphere of British influence as arranged with France. British policy, which had plumped for the integrity of Siam, now seems inclined to modify the policy as regards some of the Malay States.

Whatever the outcome of present negotiations, the Siamese are anxious that the railway between Bangkok and Penang should be at least inaugurated at a comparatively early date. His Majesty himself told me that he hoped it would not be long before operations commenced. As is well-known, the Railway Department in Siam is officered by Germans—the last Englishman connected with a department whose first work was done by British subjects was transferred, on promotion, to another department. The German officials have done good work in the railway way, but, viewing the political side, it is not difficult to see that Great Britain can scarcely admit such an influence as would be represented by a big staff of German engineers necessary for the railway being introduced into the Peninsula. This seems to constitute—with possibly the provision of the requisite funds—the crux of the matter. It would be possible, of course, that instead of the line being made departmentally that a concession should be given to a British firm of contractors, or a company, who would either raise the funds required themselves or receive bonds, as in the case of railway construction in China. There are objections to this method, because if we look only a little way ahead it would be obvious that a concession given, say, to British interests there, might open the door to demands for concessions—not only for railways—in other districts

of Siam. It would seem that the Siamese, in their own interests, should make the line themselves, as in the case of the northern lines. The difficulty of the Railway Department being practically a German department should not present any insuperable obstacle. The Railway Department might be reconstituted in two sections, one, under German control, would be responsible for the Northern Railways, and the other, under British influence, would have charge of the southern section. The Siamese Government, in their own interests, would, as now, put the supply of all material up to public tender. If the solution I have indicated is not the best, other proposals could doubtless be put forward; but the fact that Germans now officer the Department, and that Great Britain in her own interests could only permit British engineers to make the line to Penang, should not be an insurmountable difficulty to Siam, or prevent the construction of a line that will bring Bangkok nearer to Europe by some five to six days.

Considerable confusion has been caused during the last two years in the currency arrangements. In March, 1906, the Siamese Government was able to fix the selling price of the tical at 1s. 3d., and everyone thought, and naturally so, that exchange difficulties were to become matters of the past. The uncertainty of the fluctuations of exchange were to be removed. The policy of the Government was taken to be as analogous to that which had been pursued in India. With the continued rise in the price of silver, the rate was further advanced to 1s. 4d. to the tical, or, say, 15 ticals to the pound sterling. Beyond this rate it was not anticipated that it would be advanced. The sterling price of silver continued to rise, however, and it became obvious that something must again be done. The Siamese had been up to this time running, as it were, with the gold hare in pursuance of the desired policy of fixity of exchange, at a point where the interests of Siam would apparently be served best. It must be borne in mind that the exporter had already

felt the increase in the rate. Selling, as he did, in sterling, he received fewer ticals, though he had to pay out as many for labour and raw material. These rates had been adjusted somewhat to the lower sterling value of the tical; they did not exhibit a ready disposition to readjust themselves to the new and higher rate. The exporter was buoyed up, however, by the hope that he was about to obtain fixity of exchange, and that other matters would in time adjust themselves. He has been rudely disappointed.

Having run with the (gold) hare up to 1s. 4d. to the tical, the Government suddenly reversed what seemed to have been its policy, and started hunting with the (silver) hounds. Silver had moved up to 33d. per oz. This means that the tical which contains 234 grains of silver 900 fine could go into the melting pot if silver was much over 33d. per oz., taking into account the minting expenses, but not including any profit or charges for freight, insurance, etc. The profitable point at which the tical at 1s. 4d. could be exported for bullion purposes was when silver was 34.40d. per oz. It was getting so near that, as I have said, something had to be done. There were two main courses open. What the average man anticipated would be adopted was that gold would become legal tender, the tical being crystallised at 1s. 4d., or, say, 15 to the pound sterling. The tical itself, with the introduction of the gold standard, would naturally become only subsidiary coinage, and its weight or fineness, or both, would be reduced to such a point apparently that it did not become too attractive to the counterfeiter. The other course was to advance still further the sterling selling price of ticals. It was this policy, or the taking up of the running with silver, that was adopted. The consequence was that uncertainty continued to prevail, and the desired fixity of exchange was as far off as ever. There was no guarantee that if 1s. 6d., to which it was advanced, was reached, that the process of raising would

not be again continued. The rate of 1s. 4d., to which the trade had been looking, was thought to be a fair average rate to suit all classes of the community, and one where the least hardship was anticipated for all concerned. It had likewise some sentimental grounds in its favour, for was not that the sterling rate for the rupee in India, and was there not a considerable interchange of trade over the Burmo-Siamese frontier? I may, perhaps, here point out that the tical and the rupee are not equivalent in weight and fineness. The tical is 234 grains 900 fine, and the rupee is 180 grains 925 fine. The reduction in either weight or fineness, or both, in the tical necessary at the enhanced price of silver would, however, have brought the two coins nearer together, though, as either realm would be gold standard countries, it mattered little whether the token coinage of either was the equivalent of the other. Local prejudice, as in India, was against any tampering with either weight or fineness, because the tical was also a measure of weight, popularly used. It may be so in theory, but in practice it is the catty that is predominant. Besides, the tical as a weight is somewhat fallacious. Some figures of average assays made by the Mint authorities in India were supplied to me, and from these I learned that the average weight was 234.16 grains, though individual coins varied from 230.75 grains to 238.62 grains. Incidentally, I may remark that the average fineness came out at 901, a satisfactory point. In a comparatively small weight the variation of nearly 8 grains, or over 3 per cent., is considerable. Besides, if the argument of weight and fineness was to apply, the moment that silver advanced, if it should, beyond the 1s. 6d. rate, you would have to recoin at an advance in weight or fineness. Intrinsic value has likewise not been a feature when the tical was rated over the market value of silver. As far as I was able to learn, there is no prejudice against a token currency, to which Siamese have become accustomed in more ways than one. I might instance the tokens issued formerly by the farmers when

there was a shortage of currency. Specimens of these were shown to me; they certainly possessed little intrinsic value, and yet they passed freely as current coin in the bazaar.

A broad view must necessarily be taken of any policy involving a change in the standard of a country—the fixed point, that is, in which the prices for all commodities have to be quoted. What are the broad lines that should act as guides in the case of Siam? On the side of the high 1s. 6d. rate you have the fact that Siam employs a large and generally increasing number of foreign officials in the various departments of the Government, who are all in receipt of sterling salaries. These men receive less ticals per month, though having to pay the bulk of their living expenses, such as wages and food, in ticals. A stronger argument for the higher tical rate is provided by the fact that Siam has become a borrower in the Western money market; and that yet more will be borrowed in the future if the northern railways are continued and the Bangkok-Penang Railway becomes a reality. On the service and sinking fund of these loans the Government will apparently benefit by some $12\frac{1}{2}$ per cent.—the difference in the tical at 1s. 4d. and 1s. 6d. Purchase of railway material, rolling stock, etc., will also be in her favour to this extent. It must not be denied that these are solid advantages that will accrue to her. On the other hand has to be set the export trade of the country. Siam is not a manufacturing country, and it is for all practical purposes only the export trade that has to be considered. The country possesses no invisible sources of income. Though teak is a considerable factor, it is practically the rice trade—which provides 80 per cent. of the exports—that we have to consider. It will readily be seen that with the competition of Burma on the one side, and Cochin China on the other, that Siam may feel a difference of $12\frac{1}{2}$ per cent. The probability is, apart from seasons in Siam itself and in neighbouring countries, that the padi grower in Siam will have to lose

in the number of ticals he is to receive per coyan of padi. It is a somewhat heavy mulct, though the Siamese maintain that the producer can well afford to meet the loss, and that this was the view held by the Cabinet after a long and serious discussion of the topic. This is a point on which the foreigner is not so competent to judge, but where it does come to him as an exporter of rice he is most emphatic that the higher rate is detrimental to his interests, and, therefore, detrimental to Siam and the Siamese in the long run.

The argument advanced in some quarters was that the high rate would induce the hordes of ticals which, it was asserted, existed in the country, to be brought out into the market, and so reduce the rates of interest in Bangkok, which, by the way, are generally high. It would, if these hordes did come out, also provide additional capital, which somehow one wonders was not already attracted by the high market rate of interest. A less correct argument was that foreign capital would be attracted. It is not a high rate that attracts foreign capital, but fixity of rate. Fluctuations, as to which we have yet no guarantee that they will not occur as in the past, are what make capital shy, provided, of course, that security of Government, honesty of judiciary, etc., are in evidence.

Suppression of gambling has been already referred to. Little is required to endorse the policy that is being pursued by the King and the Government, and the fact that the policy has not been suggested by pressure from without may well be noted. An equally good work for the general welfare of the country is the progress made under education. It is fostered by Prince Damrong, the Minister of the Interior, who takes a keen interest in the subject. It has been decided that English shall be taught in all secondary schools. The Budget vote under the head of education is, I am glad to learn, an advancing figure. Up to the present little is being done however, to elevate women, or to afford them the benefits

of education. Woman in Siam is still looked on as a mere chattel, and her lot, in some ways, is not an enviable one. The progress that is evident in so many ways has left her almost aside to toil on as of yore. Generally the progress achieved is considerable, and if the inconsistencies are great and varied, the improvement is there all the same. Probably nowhere in the world does the East and West meet under such strange circumstances as in Siam. Much is in a state of transition, and there are incongruities whose juxtaposition naturally attracts attention. You are at Dusit Park fair, and His Majesty is in the Wat at his devotions. Within and without the temple are a great number of yellow-robed Buddhist priests, amounting to probably thousands; each has a lighted taper or torch. The proceedings possess a certain solemnity; the service over, the priests move off, and the band, with European instruments, plays, not some solemn notes, but a lively Western march, or, perchance, such an air as "There'll be a hot time in the old town to-night." Again, the Queen steps into a powerful motor car of the most recent design, lighted thereto by a woman with a candle. Elsewhere the rice mills and saw mills of Bangkok are embedded in bamboo groves, and the clang of the steam hammer at some engineering works is in contrast with the Wat, with its silent yellow-robed priests, next door. The fishing dug-out, the Chinese junk, and the up-river padi boat are mixed up with innumerable launches and motor boats; whilst the Siamese Navy, lying in the river off the palace enclosure, is served by rua changs (native craft). Everywhere is the electric light, for Bangkok went straight from the oil lamp stage to electricity without being intermediately supplied by gas. One steps off the electrically-driven and lighted tramcar into the electrically-lighted street, and then straight into the padi field, or jungle. The effects and contrasts are as bizarre as may be seen anywhere in the world.

There is, so far, little to record under the head of sanitary measures and the prevention of disease. Drain-

age would be a difficult matter in Bangkok, but it is possible to attempt something by way of improvement. A proper supply of wholesome water is also a prime necessity, and the proposal to supply it is abroad. It is said those who have once drunk of the waters of the Menam return to Bangkok, but too many, alas! drink them only to their destruction. Cholera and other complaints are rife, and the toll of life, from what may be truly stated as preventable causes, is very considerable. Siam, with its fairly large territory, has a population of only some 6,000,000 of inhabitants, including the Malay States. One of her pressing needs is greater population, and yet she is content to lose several—sometimes many—thousands a year from diseases that should be, in part, preventable. The individual Siamese family is generally fairly numerous in number, and the natural growth of the population should be much greater than it is. It is aided by a certain influx of the ever-industrious Chinaman, but he does not increase his numbers to any great extent, when we find that the balance of arrivals over those departed was only 15,000 in 1905, was 16,500 in 1904, and 26,000 in 1903. The net influx is also affected, for he too pays his toll to cholera, etc., by drinking the foul water of the Menam and the fouler product of the klongs, polluted with the sewage of the city, with the carcasses of dead animals, and occasionally of human beings. Even on the grounds of economic value alone to the country, if not on those of humanity, a pure water supply should be freely given.

CHAPTER VI.

MANILA.

American Rule—Want of Comprehension of the Problem—Need of Special Civil Service—Filipinos for Minor Posts—The Filipino—Military Forces — Improvements in Manila — Steamer Communications — Railways.

AFTER a visit to Manila you depart with a somewhat curious mixture of ideas as to what is the effect of nearly a decade of American rule. Still, the burden of the song was different to what one heard seven years previously. Then all seemed to be chaos, and no one had his finger on the weak spots. Those who had hoped, and had rightly looked for, an amelioration of the conditions, in contrast with the Spanish times, had been grievously disappointed. There are even now many who sigh for what they call the good old Spanish times. I cannot find myself in much sympathy with them. Things may be still somewhat haphazard, and there seems a general lack of grasp of the situation that had, and still has, to be tackled; but the ground of complaint is less pronounced now.

It struck me that at present, in the matter of the lines of general administration of the islands, that a greater attempt was being made on the part of at least some of the higher officials to understand the problem and deal with it. The unfortunate first utterances and promises made to the Filipinos, before they were better known by the American authorities to be what they really are, came home to roost badly, and had a way of constantly

confusing the issue. Home people in the United States whose sayings command attention, were still deficient in the accurate knowledge of what they spoke about, or of how the problem should be handled. They judged the country and its needs, as well as the natives of all sorts and classes and creeds, which required distinct handling for each, by standards that were not applicable to the conditions. Too few, as yet, comprehend the problem, and statements inside and outside Congress, made from a lack of grasp, led to constant uncertainty as to what might come next; and this uncertainty hinders and retards development. The First Filipino Parliament has now met, and seems to have been lavish in voting supplies. It is too soon to speak definitely of its value, but that the ordinary native understands anything of such matters it is ludicrous to assume; the few who do will, I trust, work for the benefit of those who do not.

Apart from a greater desire on the part of a section of the governing powers really to understand the problem, to work it out on practical lines adapted to the exact circumstances, and not as is sought in ways agreeable to the home States, what is most urgently needed is a proper permanent Civil Service for the government of the islands. An educated, energetic, and devoted band of men who are ready and willing to give the best years of their life to the problem is required. To gain a class of men akin to the Indian Civil Service is what should be aimed at. Their first years would be devoted to acquiring the language thoroughly, and becoming familiar with native habits and customs and modes of thought. They would then, as they acquired some grip and control of native problems, be gradually drafted into positions of responsibility in all departments of the Government throughout the islands. The vast army of officials now employed, greatly in excess of what the requirements of all the departments should be, could then be largely dispensed with. Even allowing for adequate pensions after, say, twenty-five years' service (with proper periods.

of leave) the cost of such an administration would, it seems to me, be less than the figures at which it stands at the present time. The native would be employed in all the minor posts under proper supervision, and in exceptional cases where more than average ability and capacity was displayed, he might be promoted to responsible offices. The local Government in the country districts by Filipinos cannot be said to be a success. Without any undue harshness on the native, the Raj should not be amenable to him. The white man should be controlled only by his peers. Such a case as white men being arrested on some minor charge by native police in their own houses, an instance of which occurred to a leading resident during my stay, should not be possible. The average Filipino magistrate or official is entirely unfitted to deal with the white man. If jurisdiction is given him over his own countrymen, within certain lines, we may perhaps not complain, but white men, whether citizens of the United States or any other nationality, should not be at the mercy of native prejudices and vindictiveness.

My point is that at the present state of Filipino development he is utterly unsuited, either by training or tradition, to have jurisdiction over the white man. It is not enough to say that appeal may lie to United States officials; the mere indignity of a subject of the ruling race being hailed before some unqualified person, and possibly his liberty for the moment taken away by native police, should not be countenanced for a single moment.

The task of administration in the islands ought not to be any more difficult than the problem that faced the British authorities thirty-five years ago, when the Native States of the Malay Peninsula were brought under control. Government should be possible with a handful of white men in the one case, as it is in the other. Unfortunately, the desirable officials are only forthcoming in limited numbers, insufficient for the task. The problem is still new after close on ten years of experience. The Americans drifted into the Archipelago with no previous

colonial experience, no colonial department, and no colonies; their only object was smashing the Spanish fleet when Dewey went into Manila Bay. They were unprepared with any plan for replacing the Spanish power. Moreover, it should be borne in mind that Aguinaldo and Co. had nearly achieved their designs against the Spaniards. The supreme blunder committed by Admiral Dewey in having truck with Aguinaldo and his crew laid up a store of much trouble, which was further aggravated by the crime of allowing them to arm themselves from the Cavite arsenal, and subsequently commit depredations. The conclusion one comes to is that the islands could go ahead if they were given the chance by proper administrative measures to do so. Another fact that should be clearly borne in mind was made to me by a leading official—"it would be greatly to the benefit of all concerned if people would only learn that you cannot go on milking the cow without feeding it."

A point may here be noted respecting the Filipino and the surface changes that have been brought about in him as the result of changed conditions. He is losing much of the Spanish tongue that he had acquired, whilst his knowledge of English is not commensurate with the large amount annually spent on education. In behaviour he has lost much of the cavalier politeness that he acquired from his former Spanish masters, and that generally sits so easily on the shoulders of the Malay races. In the ordinary shops, and wherever he attends you in semi-public places, he is not only more independent in his mien, but he is frequently bordering on the rude and impolite. It is not the nonchalance that is often displayed by the Oriental, because he is too indolent to be otherwise, but is unfortunately the rudeness that comes from familiarity with the West.

In the matter of the development of the Archipelago the subject of the admission of Chinese may be mentioned. Chinese newcomers are still rigorously excluded, and the

advancement of the islands, in the opinion of most competent observers, is still hindered in its most material aspect. The results of admission of Chinese and their mixing freely with the natives—giving no trouble to the authorities—show that the Americans have little to fear from the Celestials—the most industrious of Asiatics. Of one thing they may rest assured, and that is the islands will never go ahead to their full capacity for development without imported labour, but the Americans have not yet found this out. Millions of Chinese would come in under special legislation, and probably submit to a poll-tax of \$10 per head. This ensures revenue, and the Chinese can take care of themselves. The Filipino, under nearly ten years of American rule, has not yet developed a great capacity for work, and in a utilitarian world, full of principle of the survival of the fittest, he who won't work shall not eat. In the domestic way wages are high ; they have been unnecessarily forced up in every way, apart from the fact that whether in town or country the Filipino abhors any consistently prolonged labour. The wages market has been demoralised from the start by the Americans freely donating gold dollars for silver, and now there are not so many dollars to disburse. A military officer mentioned to me that when they first came, a personal servant asked \$9 (pesos) a month. This was thought to be preposterous, and he was given \$9 (gold)—just the double. My friend went on to say : “ It was not so many months after engagement that we found they were not even worth the \$9 (pesos) that they had themselves asked for wages. We would gladly reduce them now, but cannot do so, though they have decidedly not become more efficient.”

At the present time the military force maintained in the islands amounts to 13,000 white troops of all arms, 5,000 native scouts closely allied to the white garrison for any active operations, and 3,000 constabulary, who act as a sort of semi-military police. It is probable that these numbers are about as low as safety would

recommend, though they are, as regards white troops, greatly in excess of the numbers maintained in the old Spanish days. General Wood, then commanding the military forces, than whom no one has a better grasp of the whole problem of the islands, whether it is in the military or any other sense, states that it would be unwise to make any considerable reduction in the total strength of the garrison. Good results seem to have been obtained from the native constabulary under American officers. In association with American troops in action they have acquitted themselves with credit, and in the severe fight at Mount Dajo they distinguished themselves. To quote from the annual report of General Wood, the "organisation, and the regulations governing it and its efficiency, are the results, almost wholly, of the work of carefully selected officers of the Army, and it is believed that the result accomplished by these officers has been very creditable to them, and that the organisation, everything considered, is an excellent and efficient one." The Filipino, if his loyalty can be depended upon, is doubtless better adapted for such service—which appeals to the Malay character—than he is when elevated into civil positions for which, by training and tradition, he is quite unsuited. Moreover, he is under command of competent superiors, and not left to work his own will, which has as a base too often only ignorance—sometimes aggravated by racial antagonism. The only thing against the Constabulary Force is its cost.

A good deal has been done in material ways to improve the general conditions of life in Manila. The sanitary conditions have been changed, and the city and adjacent roads have been scavenged and watered in a way that one was unaccustomed to in Spanish times. Roads and bridges have been improved, though directly you are a mile or two outside the town the conditions of the roads leave much to be desired. Manila has undergone some transformation in the shape of a portion of the old city walls being razed, and in the useful work that has been done

in filling up the old moat, formerly a sink for all uncleanliness, and a fertile location for breeding mosquitoes. The good work already done might be extended by converting the new ground into something useful or ornamental; such, for instance, as the excellent way in which the open land on the city side of the Bridge of Spain has been utilised. It forms a species of public park, and the assembling of a small living zoological collection is the delight of all natives, whether old or young. An excellent service of frequent and speedy tramcars, useful alike to native and foreigner, is at work all over Manila, and to such suburbs as Fort McKinley, where the military are stationed, and Malabon, some few miles out into the country. In other ways one may note a decided improvement in the shops along the Escolta, many of which have been rebuilt. A new alignment, giving greater breadth to this popular and much frequented street, would materially assist both pedestrian and wheeled traffic. Life has been rendered somewhat more luxurious by the erection of two plants for cold storage, and the manufacture of ice—that popular commodity in the tropics, and especially where two or three Americans are gathered together.

What Manila is to become under the proposals of Mr. Burnham, the architect, who paid a special visit to study the problem, need not be inquired into, as they are at present scarcely within the realm of practical politics. It may be noted, however, that, under the scheme, Manila is to become the show place of the tropics, with parks and parkways, avenues, and a boulevard 250 feet wide, extending all the way along the sea front from the Luneta to Cavite. Very magnificent, doubtless, but quite beyond the city's means at the present time. It is even contemplated in Mr. Burnham's mind that the city might extend northward, and then another similar boulevard would be created along the shore on the other side of the Pasig River.

The three great works by way of improvement that

have been done, or are in course of progress, are, however, the port works, the sewerage works, and the works for the new water supply. The port works are practically completed, and should suffice for the wants of Manila for some years to come. They have been constructed to the left of the debouchement of the River Pasig. A considerable area has been enclosed by breakwaters, forming a protected harbour. A certain portion of this enclosed area has been dredged to a uniform depth of 30 feet. Within this, again, is a small inner basin with a depth of 18 feet. This basin leads by a short cutting through the left bank into the Pasig. That river discharges into Manila Bay outside the port area, and to the right of the harbour, when looked at from the land side. The dredged spoils have been utilised to reclaim a considerable area of 190 acres parallel with the shore, and commencing from the cutting and inner basin already mentioned, and extending in a south-easterly direction. Projecting from the outer face of this reclamation are two steel wharves, respectively 650 feet by 110 feet broad, and 600 feet by 70 feet, and one timber wharf 500 feet by 50 feet. These are in the 30-foot dredged area. Adjoining this reclaimed area is another reclamation along the sea front of the Luneta—the site of the fashionable gatherings of all Manila every evening—known as the Luneta extension, and consisting of about sixty-one acres of new land.

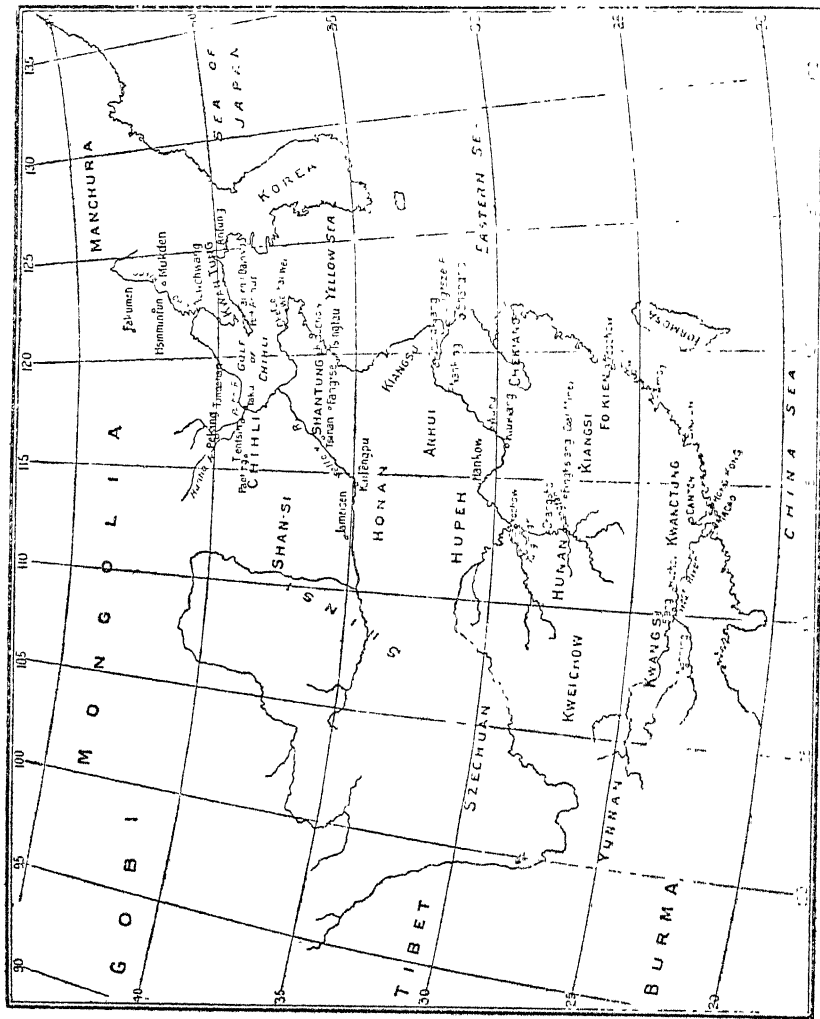
Progress is being made with the other two works, and should improve the general health and conditions of life in Manila. But if Manila makes a brave show in such matters, the provinces are being rather starved to provide for the wants and luxuries of the capital.

As regards communications, the shipping trade of Manila is well supplied with a plentiful service of steamers from Hong Kong, besides the Pacific liners that have added Manila Bay to their ports of call. From Hong Kong the China and Manila Steamship Company have two excellent vessels (liners in miniature), and the China Navigation Company and the Indo-China Steam

Navigation Company each provide a weekly departure from either port. There are, in addition, the Australian steamers of the China Navigation Company, the Nippon Yusen Kaisha, and the Australian Steam Navigation Company, which have regular departures to and from Manila for either Hong Kong or Australian ports. Australia, by means of cold storage boats, has a considerable trade in meat, butter, and other perishable produce. The overseas trade is therefore well provided for. The same cannot be said of the coastwise trade, which has been severely handicapped in the treatment it has received at the hands of the authorities, and even from Government competition.

Internally the Manila Railroad Company is doing much. It took over the Manila Railway. By the arrangement the main Manila-Dagupan line is extended, and a number of feeders that should be valuable in making the line financially successful are arranged for, and are at present in full swing of construction. The new company practically monopolises railway enterprise in the island of Luzon, though it has no agreement restricting competing lines, whilst the construction of lines in the other large islands of the archipelago are consigned to the J. G. White Company, a considerable contracting company. The new arrangement referred to contemplates the building of 428 miles of railway in Luzon, including about 100 miles in Albay and Ambos Camarines districts. Amongst the extensions is one from Dagupan to Camp 1. This is on the road to, and about twenty miles distant from, Baguio, in the north, the Simla of the Philippines.

PART II.—CHINA.



CHAPTER VII.

HONG KONG AND ITS ENVIRONS.

Prominent Place in the Empire—Its Growth—Finances—Pay of Civil Servants—Exchange—Kowloon Railway—Buildings on the Praya Reclamation—Naval Yard—Industries—Quarry Bay Dock and Shipyard—Wharf Accommodation—Water Supply—Steamer Communications—Freedom for Commerce—Canton—Educational Movement—Shameen—Launch Traffic—Yueh-Han Railway—Samshui—West River—Wuchow—Nanning—*Lekin*—River Navigation—The Coast Ports—Swatow—Railway to Chao-chow-fu—Amoy—Foreign Learning—The Kulangsu Municipality—Chinese Post Office and Native Customs—Chinese Emigration—Formosan Trade—Railways—Foochow—The Foreign Community—Industries—Tea Trade.

WHATEVER may be the conditions of the moment in Hong Kong, whether business is good, bad, or indifferent, and it has not been good for the last two years, we may always remember the words of Dr. Eitel in his "History of the Colony of Hong Kong." This was published in 1895; but what the learned doctor, who had been a resident in the colony for so many years, wrote then is equally applicable now. He states: "It requires no prophet's gift to see that the politics of the near future centre in the East. . . . Contests will be sure to arise, and in these contests Hong Kong will be one of the stations most important for the general strength of the British Empire. . . . Hong Kong will yet have a prominent place in the future of the British Empire." This is a very different opinion—formulated after Hong Kong had been under the British flag for over half a century—to that recorded by one of its earliest historians. The shade of the late Montgomery Martin must be turning uneasily if it be cognisant of what the city of

Victoria is at the present time. Besides the city, there is the, then undreamed-of, town, stretching above, all along what is generally known as the Peak, and the equally unforeseen town on the adjacent Kowloon peninsula. Martin gave it as a dictum that Hong Kong was a "useless and barren rock, unlikely to be of the faintest value to us or any other European Power," and sixty years ago the leading London organ predicted its downfall. What has been achieved in the interval requires to be seen to be grasped in all the reality of the present conditions. The development is marvellous, and it will certainly continue despite an occasional check. A few landmarks remain, and go on from strength to strength, but the general face of things has been greatly transformed. It is withal a handsome place. The banks, the new blocks of offices on the reclaimed Praya ground, the new Law Courts and Post Office and the dwelling houses may with justice be described as palatial.

In the matter of the Colony's finances, the revenue for 1907 showed a considerable decrease, due largely to reductions in opium. It is, perhaps, useful that opium gave a sort of warning decrease. What I have already written respecting the Straits Settlements applies equally to Hong Kong. China is believed to be moving towards reduction and extinction of opium smoking amongst Chinese. The British Government at home has rightly promised to assist in reducing and extinguishing the growth of the poppy in India, presumably on the assumption that "God helps the man who helps himself"; and that if the Chinese will themselves honestly move in the matter, it will assist her. It was not expected, however, that the Home Government would deal so drastically with the Colony as it did by its edict of May 6th last. China may, or may not, be honest in her endeavours to stamp out the opium habit, as we shall know in due time, but the possible danger threatening so considerable a source of revenue to Hong Kong was one that it was obvious should not be overlooked. The Colony will now have



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to adopt other measures, as from early in 1909 it will lose a considerable sum per month. It is fortunately not burdened with much public debt, which only amounts to roughly £1,500,000. The Colonial Treasurer's statement of assets and liabilities on April 30th last shows balance of assets of \$1,447,816. Liabilities were \$2,067,322 (exclusive of public debt) and assets \$3,517,138. The debt includes the money for the Kowloon railway, and the sum loaned to the Viceroy Chang Chih-tung for the re-purchase of the American concession for the Hankow-Canton railway.

Though the revenue is down, and there are no overflowing funds, I must say that I sympathise with the civil servants of the Colony in their grievance respecting sterling pay and the rate of exchange. It is true that a few years ago, when exchange had to all seeming had the bottom knocked clean out of it, a petition for sterling pay was favourably received, and the rates in sterling fixed accordingly. Since then the Civil Servant has been hit the other way through rise in exchange, and hit as hard as he was before by the low rate ; but for different reasons. Now he is again scoring by low exchange. The conclusion I think most reasonable people would come to is that a certain proportion of the pay of each holder of office should be made in sterling and the rest in local currency. The main expenditure of civil servants, as with all foreign residents, is the local cost of living. When the dollar was low, wages, rents, and bazaar prices went up, and they showed little tendency to return to, shall I say normal, as a result of higher exchange. The bulk of expenditure is in such things. The truth is that with a low exchange and dollar pay, the recipient, whether civil servant or mercantile, or bank employé, is hit hard if he has home remittances to make. With sterling pay, and consequently fewer dollars at the higher rate, local expenses in Hong Kong hit you, because though you have fewer dollars to disburse for home remittances, you have also fewer for the current

monthly expenses—the more serious item of the two. One way or another, unless your pay is large enough to cover either contingency, you are surely affected. It seems to me, therefore, that all employés, whether civil servants or assistants in banks, firms, or other employment, should be remunerated by a combination of sterling and local currency.

Whilst on matters pertaining to the Government, and of considerable interest to the foreign population, I may note that it was more than once remarked to me that the time has now arrived when greater facilities should be extended in the educational way on behalf of white children. The numbers have greatly increased, and at the same time the parents have not the same financial ability, that they possessed in days gone by, to send their progeny home for education. Dollars are not so plentiful, and the consequent drag bears more heavily on many classes of the community. The matter was even mentioned to me in Manila, whence a certain number of children are sent for purposes of education to Hong Kong. This, of course, may be merely a desire to get advantages near by that would only be derived from sending children home. At the same time, conditions of life and residence, and the consequently increasing difficulty of sending children home, seem to point to the time having arrived when something more might be done for the white population than can be obtained at existing institutions.

It is difficult to say that Hong Kong should go on a fixed exchange, which it could do, but fears to attempt, whilst China, on which it is dependent, prefers to abide by the changes of the white metal. Though business has been bad, there is some gratification in the knowledge that from the experience gained, the system of trading has been put on a sounder basis than has been the custom hitherto. This should give hopes of less risky business in the immediate future. How long this will prevail before the bad system of long credits again becomes

prevalent, one cannot say. To gain an advantage over a competitor some one firm, and then another, may break away from the healthier and sounder conditions now established.

The Kowloon section of the railway line that runs from the peninsula opposite to Victoria to Canton has been actively in progress for some time. The whole line within the new territory is about twenty-one miles in length, running through rather broken country; what the French would term *accidenté*. A tunnel about $1\frac{1}{2}$ miles has to be constructed through the main range, and is a fairly formidable piece of work. A shaft has been sunk near either terminus; between the two shafts, roughly, one mile has to be tunnelled through tolerably hard granite all the way. The shafts give four faces to work on instead of two, and will later assist ventilation. The tunnel is for a single line, which to the ordinary man with an eye on what the traffic should be seems to be wrong. Financial reasons are the cause of the double line not being provided for. The three years necessary to complete the tunnel will give time for the Chinese portion of the line from the Kowloon frontier station to Canton to be constructed by 1910. This portion of the line should not be difficult, but there will be a certain amount of bridge work, and notably a fair sized bridge to cross the Tungkiang (East River). I may note that the terminus at the Kowloon end will be on reclaimed land in Hunghom Bay, opposite the establishment of the Hong Kong and Whampoa Dock Company.

One of the terms of the contract between the Chinese Government and the British and Chinese Corporation provides that the Viceroy of the two Kwang shall arrange separate terms with regard to joining together the Canton line to that of the Kowloon line. It may be said that the line should be worked throughout as one single undertaking, and that in this respect account must be taken of the cost of constructing the Kowloon section. Another matter that should be provided for is through communi-

cation with the Hankow line. There must be no break in Canton, as is at present contemplated apparently by the Chinese. An electric tramway connecting the two stations will be a poor working machine for through traffic, which would require two extra handlings besides the cost of haulage between the two termini. Finally, it will be necessary to decide definitely that there be no mistake about British management of the line, not only during the currency of the loan by which the Chinese portion will be constructed, but in addition subsequently to that period, or the welfare of the Kowloon section may be jeopardised. These three points must be kept clearly in front to safeguard the interests of the colony, and the money it has sunk in the enterprise. The keen interest taken by the ex-Governor of Hong Kong, Sir Matthew Nathan, in the construction of the line, with which his Excellency had so intimately associated himself, caused many regrets to be felt at his departure. There is no doubt that they were very keen and heartfelt. From the moment that Sir Matthew arrived in the Colony he secured the respect, and indeed affection, in many ways, of all sections of the population. Capable, energetic, and with an apparently unlimited and insatiable capacity for hard work, he was leaving his mark on Hong Kong and Kowloon. The railway will always remain as a memento of his too short administration, even though its completion will take place under another *régime*. He was a man whom Hong Kong could be, and was, proud to have at its head. After the railway his work for the Volunteer force perhaps stands out most conspicuously, though in many other ways his unflagging industry will not be readily forgotten.

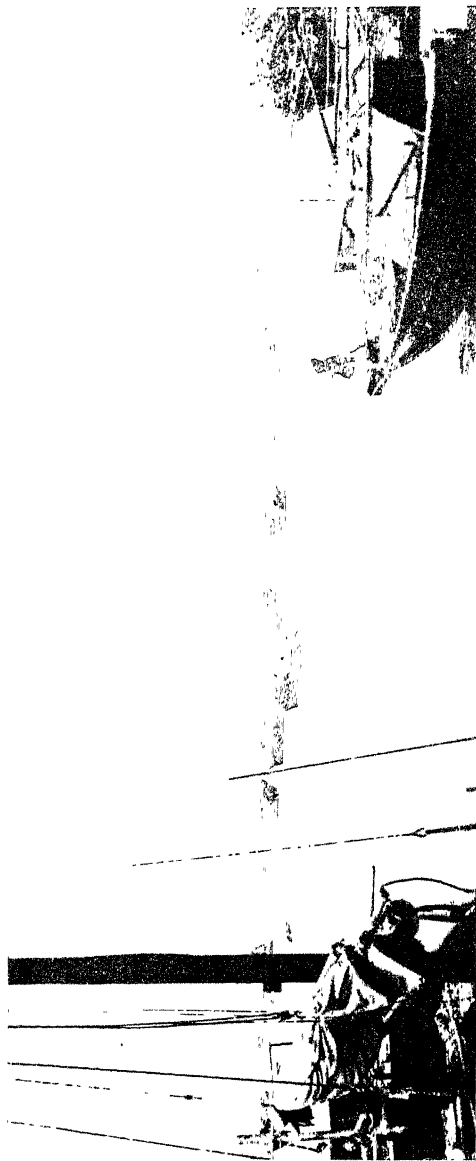
The considerable area of new ground created as the result of the Praya extension has now been practically built over; there are only one or two lots still vacant. If the big blocks are sadly wanting in uniformity of style and colour, when seen from the harbour, they are individually fine sets of office buildings. They are all

occupied, and, indeed, everyone seems to have been playing at the game of general post, during the last few years, in so far as location of offices is concerned. On Jardine's portion of the extended Praya line the new Post Office is being slowly erected, at the angle of the Praya and Peddar Street. It is a convenient site with Peddar's wharf just in front. This has unfortunately been re-named Blake Pier. An historic name like Peddar's Wharf should not be allowed to disappear in this way. If it is necessary that there should be a Blake Pier the name might be bestowed on the Statue Pier near by, and leave the name with all its associations to pertain to the wharf at the foot of Peddar Street. It has become time-honoured, and without very strong reasons should not be allowed to fall out. It is probably better known to the launch laodahs and sampan fraternity by its old name. The Duke of Connaught's statue is now set up on Connaught Road, at the foot of Peddar Street, facing the wharf and harbour. It had been reposing in a matshed near the new Law Courts, but was hurriedly disinterred just prior to the Duke's visit in 1907.

The new Naval Yard works have been a considerable undertaking. They have meant the reclamation of some 70 acres, including the practical enclosure of $9\frac{1}{4}$ acres of boat basin, where there is a depth of 30 feet. The quays are fitted with shears for lifting weights on vessels repairing. There are four such to lift twenty tons each, and one of the capacity of 50 tons. The new dock is a fine piece of granite-faced work, with cement foundations of 12 feet to 15 feet. The walls are granite-faced. There is a depth of 33 feet on the approaching channel and entrance to the dock, which would be sufficient to take in a *Dreadnought*. Efficient pumping appliances have been erected, whilst the power-house, machine and engineers' shops, boat-house, foundry and store-houses collectively constitute a fine piece of work, and should bring the yard well on time for modern requirements; but it is much to be regretted that it has been constructed on its present

site. The Naval Yard itself and this new extension, is on land that will be sorely needed for purposes of extending the city of Victoria. It cuts it into two portions. The Hong Kong public was perhaps remiss in that it did not awake to the importance of the matter until it was almost too late to stop the new scheme. At the same time, the value of the old Naval Yard would have met the whole cost of its removal to another site, and the erection of a new yard thoroughly up-to-date in every way. It could have been done at no cost to the nation, which would have been saved the sum spent on the present extension. It may likewise be pointed out that, particularly in summer-time, when everything is open, the noise from the yard must considerably affect the hospitals stationed almost immediately above it, whilst life at Headquarter House will be rendered almost unbearable when such work as rivetting is in progress. One is almost led to wonder whether it would not be worth while to make a bid even yet for the property for the purpose of extending the town, on the basis of the erection of a naval yard elsewhere. The whole area of 70 acres of reclaimed land, plus the old naval yard, would be available for building sites. It could scarcely be termed vandalism, though it might savour of extravagance—an extravagance that would probably pay for itself in the long run.

In the matter of industries, Hong Kong continues to make progress. Amongst recent creations are a couple of breweries and a flour mill, though the latter has had a brief and chequered career. It was situated in Junk Bay. Great hopes are also entertained regarding the prospects of the iron mine situated in the new territory beyond Kowloon. A company has been formed to work it, and very promising reports are issued. Another new industry is a cigarette factory, for which the land has been acquired, and the buildings erected at Kowloon. I may briefly mention that there are two sugar refineries; that the cement works are so active that the capital



THE HARBOUR, HONG KONG

has been doubled, and the capacity of turning out Portland cement greatly increased ; that there is a rope factory; that a considerable small steamer boat-building industry exists in the colony ; that the cotton-spinning factory continues to work fairly satisfactorily ; that kerosene oil godowns form a feature ; the Shell Company at Tai-kok-tsui, and the Royal Dutch at Causeway Bay have installations, and the Standard Oil Company has followed suit on Kowloon territory ; and that, generally speaking, all these industries seem in a tolerably flourishing state. There remains one of Hong Kong's greatest and oldest industries, that of the docking, repairing, and building of ships and vessels of all classes and dimensions. The Hong Kong and Whampoa Dock Company, with its comparatively small capital of \$2,500,000, continues to keep abreast of the times. Since last seeing its chief Kowloon establishment, in Hunghom Bay, across the harbour from Hong Kong, the company has erected a fine new machine shop and installed electric drive and many new tools, motor-cranes, and other appliances. Hydraulic power is also used for rivetting, flanging and bending, besides operating the capstans at the docks and some of the cranes. A power-house for the electric drives, and another for hydraulic power supply almost all requirements. As regards the docks, the largest, which was lengthened to 556 feet a few years ago, is to be further extended by 125 feet. The width at the entrance is 75 feet. The company has establishments on a lesser scale at Aberdeen, at the back of Hong Kong Island, and at Samshuipo. Hitherto the company—owning all the docks either at Kowloon or on Hong Kong Island—has had virtually a monopoly of the business, though it has to meet competition from Japan, Shanghai, and Singapore. The withdrawal of all the large ships of the British naval force has shorn it of some of its work, and it is threatened ere long with the competition of the Quarry Bay establishment, erected by Messrs. Butterfield & Swire.

It will certainly meet with the admiration of all who see what has been created at Quarry Bay, adjacent to the Taikoo sugar refinery, also an appanage of the same firm. The first thing that claims attention is the fine dock, all granite-faced and lined, which has been constructed half out of the land and half built out on the reclamation. This dock is 750 feet in length by 88 feet in width at the top of the entrance, and 120 feet inside measurement. There is 34.6 feet on the sill at high water spring tides. The caisson is of the new sliding type, which, when the dock is opened, slides into a recess at the side. Besides the dry dock there are three hauling up slips, one of which is 1,030 feet on the rail by 80 feet broad, and the other two are 980 feet each on the rail, and 60 feet wide. Any one of these three will take 2,700 tons dead-weight, which is sufficient to handle any vessel of the ordinary coaster-type in Far Eastern waters. There is likewise a building slip intended for the construction of vessels of about 2,500 tons, which is also up to the requirements of most coaster-type boats. To provide the necessary accommodation for these docks, for the pumping and power stations, and the accompanying machine, foundry, fitting, and other shops and accessories, a great deal of land, amounting in all to some fifty acres, has been levelled or reclaimed. The spoil necessary to fill in the reclamation has been obtained by clearing away a hill, the site of which in turn has been converted into available flat ground. The main road, proceeding eastward, formerly ran through about where the centre of the dock now occurs. It has been deflected at the back of the yard. No less than 1,400,000 cubic yards of material, running about $2\frac{1}{2}$ to 3 tons to the cubic yard, has been moved. Much of the work has been done by contract under the direct supervision of the engineers, and one frequently saw whole families engaged—men, women, and children—each doing something to contribute to the total earnings. When in full working order, there will probably be about 4,000 men employed in the yard. All

the power used throughout in the various shops will be practically electric ; for special work, such as rivetting, it will be hydraulic. To the eastward of the yard the company has taken up further land, where quarters will be erected for a larger number of the men employed. They will thus be close at hand. The dock and shops have been started as an adjunct to the China Navigation Company, where its vessels can be docked and repaired, and new steamers constructed. The company possesses the considerable fleet of some 60 vessels, and you cannot be long in any of the Treaty ports in China without seeing at least one vessel of the line. It has regular services also to Manila and Australia, and runs a line from Shanghai to Yokohama *via* ports. Besides providing facilities for its own steamers the yard will be in a position to dock, repair, or construct any vessels that it can secure. It is undoubtedly a big undertaking, and is a notable increase to the industrial capacities of Hong Kong.

Closely allied to the matter of docking comes the question of wharf accommodation. Hong Kong had long since to increase its storing facilities across the harbour on the Kowloon side. Shipping seems to have taken regularly to that side of the harbour, and with the prospect of the railway being completed in a few years, it has assumed greater proportions. More accommodation has been provided, and more is contemplated. The Blue Funnel Company, indeed, has acquired an excellent site not far from the railway terminus, where an extensive range of godowns has been constructed. A good deal of reclamation is constantly in progress on the Kowloon side, and godowns or storage accommodation will doubtless be provided on much of the new ground. By the way, when the Government gives leases of ground to be reclaimed, it stipulates whence the spoil is to be obtained. One of the many low hills which abound on the Kowloon peninsula is selected, and its removal makes further available sites for roads or buildings. This is done naturally, under the circumstances, at a cheap cost to

the Government. The whole of the Kowloon district has greatly progressed, and, with the advent of the railway, its prospects of further increase would seem to be greatly augmented. At its back lies the new territory, which is also opening out and developing all the time. The road, right through the district to Taipo, a distance of eighteen miles, greatly assists in development, and one may already see a fair amount of traffic passing along it. The whole district has now attained to good working order, and is effectively policed and administered. There is room, of course, for the expenditure of money on public works, mainly in the direction of roads that would open up further areas for the cultivation of vegetables and garden produce, for which there is always a ready market in Hong Kong. One could expatiate a good deal on the glories and possibilities of the new territory. It is being rapidly converted from the erstwhile fabled abode of dragons (as its name implies) to a busy corner of the British Empire.

Hong Kong revenues have been recently somewhat heavily drawn upon to provide one very necessary commodity—a plentiful supply of pure water. Large works are being carried out both at Hong Kong and Kowloon. On the Hong Kong side the capacity of the Tytam Reservoir has been more than doubled, and a further storage obtained for some 200,000,000 gallons of water. This, like the previous Tytam supply, is pumped up to the conduit level which goes through a short tunnel in the hills and is distributed by gravitation to Victoria. The pumping station is almost at sea level, and would be available, in case the much larger scheme that is in contemplation is carried out. This suggested further scheme is to enclose a considerable area at the head of Tytam Bay, and for the purpose a certain quantity of foreshore and sea bed would be enclosed, the retaining wall being really in the sea. The very considerable storage capacity of about 1,200,000,000 gallons would thus be provided for, and with this in prospect Hong Kong



THE CREEK DIVIDING SHAMEEN FROM NATIVE CITY, CANTON.



THE CANTON RIVER—VIEW FROM SHAMEEN.

need not fear that a plentiful and adequate supply of good water, ample for all purposes, will not be at its disposal.

The new waterworks at Kowloon are likewise considerable in extent. They are also being carried out by a Chinese contractor. As the Public Works Department has not the requisite staff to supervise these works, as well as the Tytam works and the current work of the Department, the Kowloon scheme is being supervised by the local firm of Messrs. Denison, Ram & Gibbs. Mr. Gibbs was himself in the Public Works Department when the Kowloon scheme was drawn up, so that he was conversant with the requirements. The new scheme provides: a storage reservoir to impound 350,000,000 gallons of water, directly fed from a catchment area of 460 acres; two miles of catchwater channel at a gradient of 1 in 2,400, which drains a further area of 400 acres, and is susceptible of being prolonged for three more miles, and thus add 600 acres to the drainage area; three filter-beds, each capable of filtering 500,000 gallons per day; a service reservoir holding 2,000,000 gallons; the necessary connecting pipes between storage reservoir, filter-beds and service reservoir; and about seven miles of additional mains to extend the present distributing system. The service reservoir is situated just beyond the old boundary line of British territory, and has a capacity of 2,000,000 gallons. The total cost of the whole work comes to about \$1,250,000, and it is expected the supply in a year of tolerably severe drought will amount to 1,500,000 gallons per day.

Hong Kong may be truly said to possess unrivalled steamer communication with almost every part of the world. There are the mail lines for Europe, America, India, and Australia. The main lines of big shipping are certainly cause of remark, but equally so is the immense fleet of coasters. The China Navigation Company, with its sixty vessels, the Indo-China with a large fleet, the China Merchants, several Japanese coasting lines, the Douglas Company, the China and

Manila Company, and others, keep up constant communication with all the ports of China, Japan, Formosa the Phillipines, Siam, Indo-China, and Borneo. In the harbour, a British harbour, it may be noted, the British flag is still largely in evidence ; it is not swamped by the foreign ensigns that are welcomed and given equal rights with it. In Singapore at times one has to look around for the red ensign ; in Hong Kong it seems always in evidence. Even the Japanese flag, numerous as its entries now are, does not seem so greatly in evidence afloat as Japanese subjects undoubtedly are ashore. The attendant satellite of the liner, or coaster, the steam launch, is everywhere extraordinarily in evidence. Hong Kong Harbour has no less than 300 launches constantly flitting about on its waters, and is in this way one of the busiest in the world.

The two great factors of Hong Kong's success remain as they always have been. They are the flag that betokens the sovereignty, and the freedom of commerce it implies, plus its geographical position at the door of a great continent where a vast trade may be done, and grow vaster with its gradual opening. The possession of Hong Kong is a great privilege, but it is likewise a great responsibility. This outpost on the borders of a great Empire, which has not yet achieved its proper position in the world's trade, is a precious inheritance handed to each generation for its own benefit and profit, to conserve and develop for those who follow. The achievements of earlier generations have done much to raise the Dependency to the status it now enjoys ; we need not fear that present dwellers or their successors will be faint-hearted in their day.

Recent years have wrought considerable changes in Canton. On the occasion of my previous visit, the veteran, Li Hung-chang, at the time somewhat in disfavour, was Viceroy of the two Kwang (the provinces of Kwang-tung and Kwang-si). He effectively put down piracy in the delta for the time being, and his successor might adopt

some of his methods to suppress that class of gentry, though the stories generally current of its prevalence are somewhat exaggerated. After some years of the obstructive Shum, the Viceroy, Chow Fu, who has been well-known for some years in Shantung, was in authority at the time of this visit. He was agreeable, but was unfortunately no longer young. He was 71 years of age, rather deaf, and though in fairly good health, was not particularly active, if tolerably progressive. I had a lengthy conversation with his Excellency, and he certainly impressed me as being desirous of pushing forward the many progressive measures that are being undertaken in and around Canton. He talked of bunding schemes, the proposal for an electric tramway in the city, the Kowloon railway, the proposed Honam bridge, which would span from Canton to the Dutch Folly, and thence again to Honam, and also of waterworks. His Excellency likewise spoke somewhat bitterly of the freedom enjoyed by the Chinese papers published in Hong Kong; they appeared to be a considerable thorn in his side. He could not appreciate the British point of view, and wanted to know why these papers were not suppressed. He said he had forbidden their entry into his Viceroyalty, but he would evidently like to see them stopped entirely. It was little comfort that one could give him, beyond suggesting a press law for China, though of not too drastic a character. One desires to see the native press grow, but that it should not be an element entirely subversive of the present order of things. I pointed out that his Excellency was exhibiting progressive views in the works he was undertaking, and the schools being founded throughout the province, and that it would be well to treat the press in a spirit somewhat in accord with these signs of the times. It may be remarked that in all these schemes he encountered much opposition from the treasurer of the province. He was a most obstructive personage, one of the worst of the old type of mandarin, and the Viceroy found it difficult to extract the requisite funds

out of his reactionary subordinate. On the other hand, he had a willing coadjutor in the person of Wu Ting-fang, who was on leave from Peking—practically he had resigned and did not expect to take up office again at the capital. His Excellency is a life-long friend of the Viceroy, and was to be found almost always at the Yamên. Since my visit he has been successively appointed Chinese Commissioner for the Canton-Kowloon railway, to act with the British representative to be appointed by the signatories of the contract, and then Chinese Minister at Washington, thus resuming his former post. He is a man who knows his own people well, and whilst he is conservative to the extent that he would prefer to see China develop herself, he is not the least reactionary ; if Chinese will not build railways, open mines, and otherwise develop the resources of the country, he would let foreigners do this for her, whilst the property would always remain Chinese, and only the development would be given into foreign hands. China demonstrates in most ways that she cannot carry out these works herself, and at the same time she is unwilling to the last degree that foreigners should do it. It is to be hoped that one absurdity now contemplated will not be perpetrated. At present it is proposed that the terminus of the Canton-Kowloon railway and the terminus of the Canton-Hankow line shall not be contiguous, or that through connection can be obtained. It is suggested that the mile or so that divides them shall be bridged by an electric tramway. The inconvenience to passengers would be great, but for handling goods it would be even worse. I need not detail the condition of the line towards Hankow. It is being slowly constructed by the Chinese themselves amidst endless squabbles between shareholders and directors, and charges of peculation of funds. Progress is, however, being made.

With regard to change in Canton in other directions, one cannot fail to be struck with what has been done, and what is now being taken in hand. Both Chinese

and foreigners contribute their share. Along what is known as the Back Reach you may see the bunding that has been done by several owners, and the considerable scheme that has been carried out by the China Navigation Company in the way of filling in land, bunding, and constructing godowns. Then the Chinese have done much below Shameen, not very well at times, to be sure, and the work had largely to be gone over, and in part re-done under foreign supervision. Still, they have been at work, assured apparently of the desirability of bunding. The line, I may note, is considerably in advance of where the old factory site existed. One or two streets have been gradually reclaimed from the river, and now the bunding is set forward sufficiently to leave a fairly respectable width of maloo (horse road). This is distinctly an advance for Canton. The collection of some miles of water mains at the side of this road was evidence that the waterworks—a boon to Canton—were being taken in hand in earnest. The reservoir is at White Cloud Mountains, where an abundant supply of excellent water can be obtained. Further reclamation beyond the steamer wharves, and then, again, above Shameen is also contemplated. Another great improvement may be seen on the ground formerly occupied by the Temple of Longevity. The temple itself was razed, and the site and grounds within which it stood built up on distinctly new lines for Canton. Roads thirty feet wide from house to house, are laid out, whilst the houses are what one may term the Hong Kong style, being generally of three stories with a colonnade. A market is also provided, and if it would not be up to Hong Kong standards it is a great advance over Canton methods. The whole is an object lesson of what can and should be done. Perhaps as the fires that periodically occur in Canton clear out spaces, this type of road and house may be further adopted. It would render locomotion, the handling of goods, and such matters as water supply, and possibly even sanitation, much easier. As the Chinese are generally practical

and the Cantonese quite as much so as the natives of any province, they will doubtless recognise the benefits of such changes.

Canton is not behind in providing accommodation for the "new learning." The most conspicuous is the Normal College now under construction on the site of the old Examination Hall. The long rows, with their hundreds of cubicles, have entirely disappeared, and in their place three blocks of buildings, comprising theatre, lecture halls, and class-rooms, were being erected. In the rear is a three-storey building that will provide accommodation for some hundreds of the students that will attend the college. Primary and secondary school buildings are also contemplated, as well as a hospital and medical school. The whole scheme is intended as an example that can be copied elsewhere, and as an object lesson to other towns in the province.

In another way progress has also been made. Instead of the riff-raff that formerly did duty as police in the native city, there is now a uniformed force, whose appearance, if not exactly smart, bears some resemblance to that condition. They are fairly neat in their uniforms, and for headgear wear a peak cap in winter time. The peak cap, by the way, seems to be greatly in favour, not only with the cadet class who wear it to complete a khaki or other uniform, but with anyone who can become the possessor of such an article. The fact gives some air of foreign ideas to the place, which is further suggested by the considerable number of photographic stores all over the native city, and the many shops that are almost entirely filled with foreign nick-nacks and odds and ends. Their number is really conspicuous. One reform that is not without hope, though it may not be attempted for some time, is that the useless city walls should be razed. An effective object lesson was provided, during its reign at Tientsin, by the Provisional Government. It pulled down the wall and made an excellent road in its place. Canton might do likewise, and make a fine

species of ring boulevard on the model of Vienna. There would be room for an electric tramway that would provide a ready means of conveyance, whilst as opportunity offered, or the funds could be provided, better roads could lead off this boulevard towards the centre of the city.

Amidst the changes Shameen, the foreigner's abode, which is fortunately not the cage that the old factory site was half a century and more ago, has gone ahead. It has been completely built up, and only one vacant lot remains—the owner holding out for his price. Foreign firms have slightly increased in number, whilst the presence of two banks—one American and one French—and the fact that the two leading British banking institutions have secured sites, betokens the view taken of the future. Electric light is now used for public lighting, and is general on most houses on the concession. It may be remarked that there are no less than five Post Offices for the despatch of either foreign or native mail matter. There are, besides the Chinese Imperial Post, the British, French, German, and Japanese offices. Not all of them do a large business. It may be noted, when we are inclined to think so much of our penny postage, that a letter can be mailed from any one place in China to any other for the modest sum of c.2, say, one halfpenny. Viewing the distances and present means of communication in China, a world-wide penny postage would in comparison not be anything extraordinary; and yet China is accused of being non-progressive! Anyway, as the Chinese are fairly prolific letter writers, and like to disseminate news, this cheap method should prove of considerable educational value.

A noteworthy matter is the number of launches that may be observed plying in Canton waters. They may be seen about all over the river, proceeding to or from every part of the delta, or anchored in clusters in such spots as the Back Reach. Eight years ago the number of these craft registered in accordance with the Inland Waters

Steam Navigation Regulations was 143 vessels in all, and those registered for West River trade numbered 30 vessels. Now the number of Chinese vessels alone registered at Canton amounts to 163 vessels of 2,840 tons in all ; British steamers number 45, of 1,440 tons ; German, 2 vessels, of 24 tons ; French, 32, of 410 tons ; and American 1, of 49 tons. At Samshui, Wuchow, and Kongmoon, 15 other vessels are now registered under Inland Waters Certificates, and three for regular trading on the West River. Between them this fleet makes probably close on 10,000 trips a month, so that if piracy may have some terrors it does not entirely stop the traffic. All of these vessels are inspected by the Customs authorities once a year, the condition of hull, engines and boilers being examined, and a certificate issued.

It is evident, from the amount of foreign and native capital sunk in Canton of recent years, that confidence is felt in its future. The amount of coastwise shipping is very great. Its geographical position favours the outlook for the future. The place seems destined to go ahead, and when the railway communications, of which it will be the centre, are constructed, its prospects will be still further enhanced. They must assist in its development.

From Canton my route lay up the West River, and as the steamer had proceeded direct from Hong Kong to Samshui, I took the opportunity of proceeding there, over the Canton-Samshui Railway. This is a portion of the Yueh-han, or Canton-Hankow, line, though its point of departure from Canton is on the opposite side of the river to the main line. It is about 30 miles in length, and was constructed by the American-Belgian parties originally associated with the enterprise. It is standard gauge, the road bed being fairly well laid and quite adapted to the moderate speeds attempted. The Chinese have retained one foreigner, Mr. Lind, as superintendent of the line, and considering that he has to control everything, from supervision of locomotives and rolling stock to upkeep of road bed and repairing shops and stations,

he must have his hands tolerably full at times. All the drivers and stokers, the conductors and station-masters, are Chinese, and they seem, under the superintendent's supervision, to run the line well. The trains keep good time and are usually packed. The line pays well, and returns a good dividend, though it has to put much of its earnings into capital account. The Chinese will not put up any more capital to complete the works; consequently the erection of a locomotive shed, of workshops, carriage factory, and the construction of permanent stations, have to be gradually provided out of earnings. Practically, whatever surplus remains, after providing the dividend the Chinese demand, is thus utilised on capital account. The line traverses a generally flat rice-growing district, and only a few low hills have made a little cutting and grading necessary. The station at Samshui is about half a mile or so from the river, but may possibly be taken nearer the bank later on, facilitating the handling of freight and adding to the convenience of passengers.

Arrived at Samshui, we found the steamer *Lintan* already at anchor. She is owned by Butterfield & Swire, but flies the amalgamated flag, as the service is run on joint account by the China Navigation Company, the Indo-China Steam Navigation Company, and the Steamboat Company (the Hong Kong, Canton, and Macao Steamboat Company).

Concerning the scenery of the West River, there are two capital guide-books issued by the companies, which tell you all about the river and its immediate surroundings. In one of these you are reminded of the beauties of scenery on the West River, with its high mountain ranges, its gorges, its peculiar thread-like continuation of lakes one after another, with barriers of high land always ahead. There are pretty green hills rising directly from the water's edge, cultivated with patches of tea, hemp, tobacco, cassia, indigo, and the mulberry (for the large surrounding silk district), and other fruit-bearing trees.

The river has occasionally sloping banks where the high land has receded, leaving a fertile valley, and where some picturesque village or small township nestled beneath the spreading banyan has deposited itself, invited, as it were, by the prospect of a rich food-producing soil. Then, again, the banana palm and the fan palm and the Ramie plant (China grass) grow in full luxuriance, as also the giant bamboo, forming extensive groves of graceful foliage, and lending a delicate softness to one of the prettiest panoramic landscapes to be found anywhere in this part of the world. The growth is extremely picturesque, but the huge rafts of bamboo poles met on the river often form considerable obstruction to navigation.

There are likewise many large brick-kilns to be observed on the banks, where the well-known blue Kwangtung bricks are extensively manufactured. The fuel to bake them comes down the river from the upper part of the province, and from Kwangsi, on boats loaded high up above the decks. It consists of twigs, grass, and other vegetable refuse. Fodder for the buffaloes, which are used to knead out the clay, when being worked up, also comes down in similarly laden boats. The collection of this fodder and fuel, with its carriage constitutes no mean industry in itself. Along the hillsides one may see shoots, often some hundreds of yards in length, for sending these materials down to the river banks. Another feature is the crops being grown on the fore-shore of the river at period of low water.

One heard much of piracy, but it is really more of the nature of armed gang robbery with violence than piracy in the true meaning of that word. The fraternity who carry out these gang robberies, with occasionally murderous assaults, is a fairly numerous one, and seems to defy the sometimes half-hearted, and at others blood-thirsty, attempts of the officials to put an end to them. All trading nations are therefore concerned in the suppression of the so-called piracy. Much good work is

done by the various gunboats. There are three British river vessels (too slow in speed, it may be noted), besides other foreign and Chinese armed boats, whilst Chinese guard boats are as numerous as they appear to be generally ineffective. The gunboats also do a certain amount of survey work, and the little *Robin*, then under the command of Lieutenant Walcott, R.N., had made a name for herself in such work as well as in the inspection, etc., of launches running on the river. Under pressure, the Chinese authorities are now dealing more vigorously with riverine disorder, and a fleet of vessels is being constructed at Hong Kong to cope with the evil. A by-the-way is that now Nanning is opened to foreign trade (it may be recalled that it was supposed to have been opened in 1899 at the same time as Ching-wan-tao, Santuao, and Yochow), it would be advisable for the British naval authorities to provide a motor boat of shallow draught that can proceed to that port. The distance by water is 370 miles. The advantages of "showing the flag" there would seem to be many.

For some time previous to our making Wuchow at mid-day the lofty pagoda on the high hill facing the city was in view as a conspicuous landmark. Shortly before reaching it, two rocky islets, known as Chicken Basket Island, are passed. At high water season in summer—the difference in level is from 50 feet to 60 feet—the lower of these gets covered, and at times even the joss-house on top of the higher one gets invaded by the watery element. This season has been abnormal, with disastrous results all along the valley. Wuchow is situated below the confluence of the Fu-ho with the West River. The Fu-ho, which washes one side of the city, is a source of much trouble when in freshet in the summer. Its mouth is then almost impassable, whilst dangerous eddies and currents are formed in the West River.

At Wuchow the Customs office is still on a pai (pontoon) on the river. Most of the business is indeed done on pai. The *Lintan* was made fast to two, into

which she discharged as into a godown, and where the export cargo is collected for the down trip. The British Consulate, which was formerly located on a house-boat, has now a fine position on the summit of a hill on the western side of the Fu-ho. Extensive and picturesque views may be obtained from it up and down the West River and up the Fu-ho. The Chinese authorities have been permitted to rent, at a nominal amount, a signal station situated within the grounds, which commands all three stretches of water, and whence an excellent view is obtained. The Consulate office is lower down the hill, at an elevation designed just to clear flood level. Some little inconvenience is caused by the Consulate being situated the other side of the Fu from Wuchow. On hills behind the Consulate there is a group of missionary buildings, and behind these again is the grave and monument erected to Dr. Macdonald, who was murdered on the occasion of the piracy of the *Sainam*, in July, 1906. It is a site that peculiarly appeals to the Chinese mind. From this position his spirit may look down on the hospital near the West River bank, which he so ably directed, and where he did so much good. Within the city of Wuchow, an excellent view over which is obtained from the British Consulate grounds across the Fu-ho, may be seen the new foreign colleges and schools that form so conspicuous an object now in all cities and towns throughout the country. One can only hope each time that one sees these constructions that they are the forerunners of what we term progress throughout the country, but of the ultimate effect of which so little can be clearly discerned at present. Students in uniform are conspicuous here as elsewhere. It was certainly a sign of the times to meet at the Taotai's yamên an English and French-speaking queueless Chinese official bound to Kweilin, the provincial capital, to take up his post. His wife withal spoke English, and was quite accustomed to foreign ways and dress. The powers and influence of such men may not be great at present, but in time should bear fruit.

Trade along the West River seems to be slowly gathering way, though its volume has scarcely come up to expectations. It is, perhaps, worth noting that certain articles, owing to *lekin* (tung-shui), or other exactions, still go to Hong Kong. There they obtain ex-territorial rights, and are then re-exported to Chinese territory. Amongst industries of Wuchow of sufficient importance to be worth noting is that of boat-building. Quite a large number of fairly well-built strong craft are turned out each year.

The opening to foreign trade of Nanning should, by the establishment of the Imperial Maritime Customs arrangements there, effect an important change in trade conditions at Wuchow, which has hitherto been the controlling centre on the West River. Cargo from the Nanning district, which has hitherto been secured by competing foreign steamship companies at Wuchow under a system of transit passes, will, under the changed conditions, no longer be procured by those passes, for the exporter should be able to forward his goods by chartered junk from Nanning to Wuchow, without payment of any *lekin* (tung-shui) taxation *en route*. Hitherto the competing companies have secured cargo from the Nanning district through the medium of Wuchow "forwarding agents," who obtained and distributed transit passes amongst their Nanning and other up-country constituents.

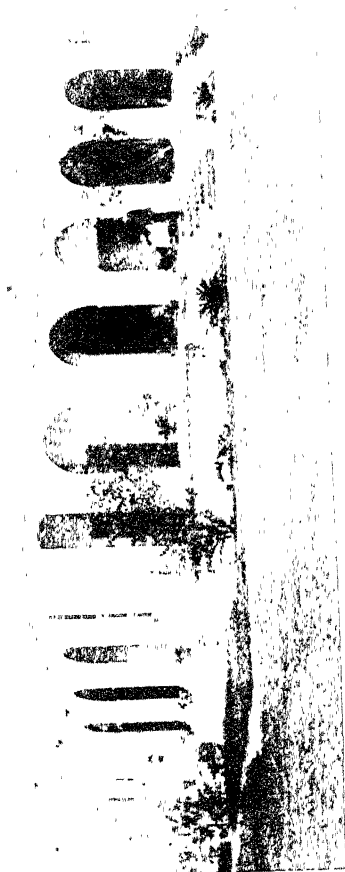
It is reported and generally believed amongst the Chinese, that the idea of making Nanning the capital of Kwangsi has been relinquished only for the present, and the proposition will again be considered when the effect of the changed conditions of West River trade at Nanning become evident. The French are seeking to get trade down to Lungchow, which would, if successful, be of the utmost importance to shipping interests on the West River, as a quantity of valuable freight obtained from the Lungchow region would then be diverted. French priests are met with everywhere on the upper

river, and many of the sons of Chinese officials take lessons, and talk, in French. When we promote our trade, and when British motor gunboats patrol the upper waters, the natives may believe that Englishmen dwell on earth.

Opium has figured considerably in West River trade, and though there would at present seem to be little indication of an actually decreased opium trade, the opinion seems to be unanimous amongst the better informed in the province, that the younger generation, not yet addicted to the drug, are morally renouncing its use. A decrease in the opium trade, which passing into or through the two Kwang provinces, and that is principally conducted at Kweichow, Paksik, Nanning Kweilin, and Wuchow, will result in a diminished transit of yarn and piece goods through West River waters, for reasons which are obvious.

Respecting railways, the Lungchow-Nanning route has been surveyed by French engineers, and it is reported that little hope is entertained for successful railway enterprise in that locality. The mooted extension of the Canton railway to Nanning seems to be a matter of deep interest in the minds of Nanning merchants, who apparently regard the plan as both feasible and profitable. Due consideration for the poorness and danger of the intermediate hilly country would seem to be dismissed from the minds of these merchants, whose present feverish desire—encouraged somewhat by the success of the Canton-Samshui branch—is to overcome the slow and risky transit of goods in their obstructed waterway. Carriage of cargo by junk in the low water season, when navigation is obstructed by the rocks in miles of river rapids, is a matter that compels attention. Wuchow is the “port of transshipment,” but Nanning is the mart and depôt of West River trade.

The Chinese authorities have cheaply “taken over” a certain area at Nanning to be leased out to foreigners in lots for any period from one to thirty years, under



BRITISH CONSULATE WUCHOW.

regulations drawn up apparently on the same lines as those of the so-called settlements of Hangchow or Soochow. The site is the highest one at Nanning, and is always above high-water level. An extensive stone and mortar retaining wall, whose foundations are seemingly scientific and solid, has been constructed. Building lots are divided into "river front," "middle," and "back" sections, to be leased respectively at \$60, \$40, and \$20—no separate lessee being allowed to have less than two nor more than eleven mow. Inquiries are being made through the Imperial Maritime Customs, and tenders were invited semi-officially from German firms, for the installation of electric lighting throughout the settlement. The plan shows broad, well laid-out roads (maloos), and the residential site of a fine house which is being built for the Chinese Superintendent of Customs. The upper boundary stone of this settlement is situated below the "newly-opened port of Nanning," and as the Customs station was fixed to be on the settlement, it seemed pretty clear that the intention of the Chinese was to place, or, at any rate, to attempt to place, a *lekin* station between the settlement and the "newly-opened port." Another *lekin* station would, of course, be placed just above the city, and thus "when Imperial Maritime Customs' arrangements were completed" and the wheel began to move, the foreigner would realise that the newly-opened port was of little or no advantage to the merchant. In other words, the settlement is opened to foreign trade but not the city of Nanning. This was obviously the intention, but representations were made at Peking, and the assurance given that the city of Nanning, and not merely the foreign settlement, was to be considered as the area for foreign trade. This means that goods purchased from or sold to dealers in Nanning with whom the foreigner would be doing trade, would not be mulcted in *lekin* tax on their way to or from the settlement, where presumably the shipments would be made or

received. It remains to be seen what effect generally the opening of Nanning to foreign trade will have on West River traffic.

The real opening of China's inland waterways to steam navigation, and, as a consequence, her vast markets to trade, would undoubtedly benefit both China and the world. Since 1898 the inland waters of China have been supposed to be open to steam navigation, but the concession was largely nullified by impracticable rules and regulations. These have been modified since the first impossible rules were drawn up, but there still remain anomalies that prevent the full benefit being reaped by either side. Chinese revenue would presumably benefit as well as owners of steamer lines. There are so many interests in China that when the spokes of the wheel receive a turn, one or more of those interests becomes affected. This is especially the case when the foreigner comes along, and the dues and duties he pays get swept into the Imperial coffers, displacing payments that formerly found their way into provincial exchequers. If it had only been made a system that when this occurred a certain proportion of the collection had been handed over by the collecting agency, the Imperial Maritime Customs, as was done in the case of the opium *lekin*, arranged under the additional Article of the Chefoo Convention, much trouble would have been saved and smooth working possibly assured. Now that native customs and *lekin* are largely in the hands of the Customs, there is not the same inducement for native officials to cut fine and get below Treaty rates of export and import duty. It was evident that as long as junks were carrying certain classes of cargo that pertained by right, as it were, to steamer traffic, they were getting more favourable duties than steamers ; but, short of insisting that junks could not carry such cargoes, it was difficult to see how the point could be carried. It is certainly an unfortunate circumstance that the more the country is opened to foreign trade, the more are the provinces deprived of their revenue. Every time

a new route, such as the West River, for instance, is opened to foreign navigation, there results a further shrinkage of provincial revenue.

A trip up and down the river forcibly demonstrates the enormous passenger traffic. Everywhere you see crowded passenger boats, mostly steam towed, but many depending alone for motive power on sail or oar, supplemented by the powerful yuloh. Waterways have for centuries been the chief highways of China; but the immense number of passengers transported on the waters of the West River and the Canton delta must be seen to be appreciated. The difficulties of navigating the West River are at the same time very considerable. Apart from the question of channel in flood-water season, there are many sandbanks and rocks, some of the latter only visible at dead low water, and the former constantly shifting. Many of these dangers are uncharted. The Customs has done something in the provision of buoys and beacons, whilst for small fees the lepers in some districts maintain bamboo marks. These are very useful, as when a raft passes over them they bend to the weight and return when it has passed, whereas other marks are often swept away by them. These rafts are a real danger to navigation. They are often of great size, and drift wherever wind or stream may take them. Sometimes two or three drift together, and between them completely block the river for a time. In another, and minor way, big tows are likewise a nuisance, and often an obstruction. A launch or small steam vessel with fifteen or twenty boats lashed either abreast or pulled by tow-ropes astern is naturally awkward and unwieldy to handle.

The East Coast ports of China, or the "Coast ports," as they are usually termed in Hong Kong, still remain somewhat off the beaten track. The mere tourist will probably proceed direct from Hong Kong to Shanghai in the liner, unless he has some friend to visit, or has been specially recommended to make the trip up *via* ports. He

misses a good deal which the large centres of Hong Kong, Shanghai, Tientsin, or Hankow do not provide him with ; for the Coast ports show him a sort of final glimpse of what the erstwhile Treaty port or hong life consisted in China. That phase is, however, passing. The ports have, indeed, lost much of those characteristics, but some few traits remain to remind one of past glories, and the time when the Mexican dollar showed a bold front in exchange of over 4s. Commercially and socially, the ports present many attractions, and well repay a visit. The time-honoured Douglas line of steamers still makes the run up as pleasant as of yore, and though you are reminded in Hong Kong of the severities of Japanese competition on the line, as also to Formosa, directly you are on board you are aware that the traditions associated with the name remain intact. Of course the traveller must reckon with the elements, for the Formosa channel in a comparatively small steamer can only be equalled for uncomfortable conditions by the British Channel. Either forms a species of funnel wherein the wind becomes concentrated and the seas are of the choppiest description. Leaving Hong Kong about mid-day, Swatow is reached at daylight next morning. Entering the port, the *locule* of the former foreign merchants' residences may still be seen at Double Island. All business is now, and has for long been done at Swatow. Here at Kialat, as it is known, are the honges and a few of the foreign residences. The bulk of the foreign population resides across the river at Kakchio. The method is generally convenient, but it is not one that has yet been adopted by the British Government. The Consul has his residence on the Kakchio side, but there is no office on the Swatow side, where all the business is transacted. It is an inconvenience that has been frequently pointed out.

Swatow now rejoices in a railway to Chao-chow-fu, the port really opened to foreign commerce. Its effect on the trade of Swatow will doubtless lead to an increase in course of time, as other railway developments

progress. The line is about 32 miles in length, and was constructed by Japanese contractors. At present the station on the Kialat side is somewhat distant, but it is intended to bring it to the river front on a new reclamation of foreshore, in alignment with the reclamations already carried out. The line brought about considerable inflation in the value of land, and several people had no cause of complaint against this result of the railway. Its ultimate destiny would seem to be that it should be a branch of the main Canton-Hankow line. It is hoped, at least, that the many "interests" which surround railways generally in China, and Chinese-constructed lines in particular, will not militate against the connection of the Swatow section with the main trunk line. This would mean much for the railway itself, and also for Swatow interests.

The foreign trade of the port has progressed, and with it foreign shipping. As far as foreigners are concerned, it is mainly in the way of shipping that the greatest advance can be scored; but it is principally the larger companies that are affected, smaller lines being driven off by stress of competition. Swatow was formerly considered one of the minor ports, but it now does a considerable trade, and yields a fair sum to the Customs Revenue. A feature to be noted is the growth of Japanese interests and the Japanese community. Everywhere one sees evidences of their activity and increase. As contractors for the construction of the railway their numbers largely augmented, and now they seem to be embarking along many other lines. A notable change here, as I have already remarked of Canton and other places, is the creation of foreign schools. Here you have the Anglo-Chinese College, educating the youth of China along foreign ways, to an end no one can yet foresee. There is likewise an increase along medical missionary lines; in the direction of hospitals also much good work that should bear fruit in after years is being done.

It is the same phase that will be observed on entering

Amoy Harbour, the next port of call. Foreign colleges are springing up everywhere, and a striking building is seen on coming up to the anchorage. It is an Anglo-Chinese college having foreign teachers. Though constructed entirely out of Chinese funds the benefactors have wisely left it under foreign control on certain trust lines. Seeing the chaotic condition of much that has been, and is being, formulated, towards attaining the new "foreign learning," it will be interesting to observe the growth of the present venture.

Kulangsu, the island across the harbour where foreigners mainly reside, was constituted an international settlement by the Chinese Government in 1903. Its conditions have certainly been greatly improved since, as the appearance and scavenging of the roads testify to. A rate of assessment is made, to which the Chinese are also amenable, whilst the little domain is more effectively policed and regulated. It is a feature that one may see substantial residences erected on Kulangsu by wealthy Chinese who have returned from abroad. There they can live in comparative immunity from "squeeze," and at least they know that as regards the island they are fairly safe from arrest on spurious charges, intended only to extort money, and that they have only their municipal rates to pay. Though it is practically only the residential quarter for foreigners, again, as at Swatow, one finds the British Consulate on that side. The distance is certainly less across the harbour, and convenience is not so much interfered with, but it is to be regretted that the Consulate Office is not on the business side—that is, Amoy. Certainly one may find by a little inquiry that a British post office exists in Amoy, but from personal experience I found that stamps could not be purchased thereat! Next door was, however, the greatly extending and generally punctually performed service carried out by the Chinese Imperial Post. This organisation is being greatly extended throughout the whole country. It is efficient and popular, but it has great trouble in getting

satisfactory postal agents in the interior. Defalcations are constant, and such a case as an agent gambling away Post Office funds is not uncommon. In a case mentioned to me the loss reached \$4,000; the agent had lost the money to the local magistrate! the functionary presumably who should have had the oversight of the employé, and arrested him for any such proceedings. The amount that the Post Office Revenue yearly suffers from fraud must run into a large sum, little of which can be recovered. Another noteworthy matter respecting Chinese ways has been the revelations that have come to light as the result of the Native Customs being handed over to the Imperial Maritime Customs. The Chinese staff in the Amoy district under native ways was about 300. This has now been brought down to about 25, whilst the collected revenue promptly doubled, and has since further greatly increased. This is going on all over China, as the figures which are now given by the Foreign Inspectorate abundantly show. The question always recurs: What would China not be able to achieve if the revenue, actually collected and submitted to by the Chinese nation, was honestly applied?

The spectacle is presented here, as happens, one may observe, at most of the ports in China, of the number of foreign residents having largely increased, whilst the actual number of foreign hong's is either stationary or the numbers even reduced. The growth seems to have arisen through increase in the number of assistants in firms, necessitated by the condition that a larger turnover is required to produce the same amount, or even less, of profit, than was attainable before. At most ports also, and certainly at Amoy, the extra duties now performed by the Maritime Customs requires an additional staff to carry them out. The missionary community has everywhere largely augmented its numbers.

In the way of foreign business it is shipping which has again largely increased, not to mention the busy activity of native launches and small steam-craft of all

sorts and conditions, of quaint appearance, and suggested instability and unseaworthiness. Foreign shipping has increased, and so has Japanese, whose increased interests in other directions must again be observed. Shipping and tea still remain the chief objects of foreign interest at Amoy. General imports and exports of produce are practically in Chinese hands. The coolie traffic is still a considerable matter, and shipping is largely interested in the emigrants' passenger service, whilst the province of Fuhkien, in itself a poor tract of country, is equally greatly interested in the remittances that come back from workers in the Straits, Siam, or other foreign countries. Should the suggested railway from Amoy to Foochow be constructed, something may be done to open out the mineral resources of the province, which are probably all it has to look to for increased prosperity. Another line from Amoy to Swatow is farther in the background. It is idle to speculate when either line is likely to be consummated, but there are many who speak hopefully of the line to Foochow being undertaken within a reasonable period of time. It would presumably be constructed by money put up by Straits Chinese.

The other matter I have referred to is the export of tea. This still seems to be in an uncertain state. The Japanese have now been in occupation of Formosa for some twelve years, and they have not ceased to make efforts to deflect the trade in Oolongs from Amoy, shipment being direct from Keelung to Japan and America. It is, perhaps, quite natural that these efforts should be made, and a differential export tax of c.60 a picul has long existed. Still Amoy manages to secure a fair share of the trade, and Chinese are certainly interested in maintaining it; but as Keelung Harbour is developed, so the Formosan tea trade is decreased at Amoy. The ultimate Japanese object is to make the harbour at Keelung accessible for large trans-Pacific liners, which would take cargo there and avoid even the transshipment that now takes place in Japanese ports.



VIEW OF FOOCHOW, WITH BRIDGE OF "TEN THOUSAND AGES."

Eighteen hours' run takes you from Amoy to the White Dogs Rocks at the entrance of the Min River. Two hours more and the vessel reaches Pagoda Anchorage. The journey up the Min has been picturesque. From the anchorage you proceed by launch for the intervening nine miles to Foochow, or rather Nantai, where the foreign community is located, across the river from the native city. The stone bridge of "Ten thousand ages" forms the connecting link with the city. You are aware on the way up that the obstructions, sunk in the river in the shape of junks loaded with stone, deposited over twenty years ago at the period of the French "reprisals," have not yet been removed. The junks are still undisposed of, and are a source of danger to launches. It is a pity the torpedo school attached to the arsenal at Pagoda Anchorage cannot have practical demonstrations by removing the obstacles. A hostile power which had penetrated so far would soon make short work of what is not a real defence to Foochow, but only a barrier to trade. The seaward defence of Foochow rests on the forts at the Kimpai and Mingan Passes, lower down the river. If these forts were properly armed and manned the river could be rendered impregnable. Nature certainly has done its best to make the task of defence comparatively easy.

At Nantai foreign houses have considerably increased, particularly for missionary and school purposes, for the missionary population swells continually. Two out of every three foreign constructions appear to be occupied by missionaries. The roads in the foreign locality have been considerably improved, judiciously widened here and there, and more shady trees provided. More efficient scavenging is done—though there remains room for more, if effective control could be secured. One of the topics interesting the community, as it has done for some years, is the suggestion to get a kind of municipality. A special form of tax—perhaps a wharf tax—added to a uniform rate assessment, might secure the funds needed for better

police arrangements, scavenging, road-making, and such matters as are generally conducted by a municipality.

Whatever may be the condition of mercantile affairs at Foochow, and much of its former glory has, alas! departed, the community always seems to maintain what would, to a casual observer, seem an ever-present aspect of cheerfulness. The tea trade, the erstwhile reason for the foreigner at the port, may have largely disappeared, but you would find no apparent trace of such a fact at the hour before dinner when the community gathers at the Club. Tea still remains of some considerable importance, but it is no longer the *one* article of trade. Camphor has recently come to the front, whilst flour and kerosene imports have attained dimensions that are useful to foreigners. Most other commodities, including the big trade in Foochow poles, or Tientsin, as they are often called because of that port taking so considerable a number, is done through Chinese hands. In commercial circles Russian tea hongts and one or two others have left, but Japanese have greatly increased. It seems to be the case that the Japanese have gone ahead and the rest have gone astern, generally speaking. They have, however, done nothing very special on their own settlement, which lies lower down on the river front than the present foreign quarter. Nor have they yet created any particular industries, though they have a primitive glass factory, where exceedingly cheap articles are produced. Foochow industries in foreign hands have not progressed. The match factory and the sawmill on the city side are closed down, and the preparation of tea by machinery has ceased its operations for some years. The only industry working was the sawmill on the Nantai side, which I found in full swing making kerosene-oil boxes. The supply of poles can usually be relied on, but the native lumberers are exceedingly conservative as to the lengths into which they are cut. This is usually 9 ft. 4 in., and all inducements to get them to deliver poles of, say, either 8 ft. 6 in. or 10 ft. 6 in., which would

be very convenient lengths, and save both cutting and waste, have hitherto proved abortive. Relatively, the Chinaman would probably secure a better price, but his conservatism prevents any alteration being achieved. His forbears cut them 9 ft. 4 in., and he goes on precisely the same. In noting the industries of Foochow, in which foreigners are interested, mention should perhaps be made of the Arsenal at Pagoda Anchorage, as it carries out a certain amount of outside work apart from Government requirements. Originally constructed under French auspices, the foreign element became eliminated till a new French mission took it in hand in the late nineties of last century. This was at the request of the French Minister in Peking. The mission expired in the autumn of 1907. Local opposition to renewal was strong, for it is the Fuhkien authorities who have to pay its cost. The province pleads it is poor, and cannot afford such luxuries as arsenals. It has practically to live to itself, for Nature has shut it off from easy communication except by sea. Hills surround it, and it has few outlets. This fact has benefited it likewise at times, for the natural barrier provided saved it from the devastating effects of the Taiping rebellion. Apart from minerals, which are said to exist, but have not been properly exploited, a chief source of its wealth consists of the labour it exports. This, in turn, sends home considerable remittances, or the erstwhile coolie returns with wealth to spend at home. Should the railway from Amoy be constructed, it will provide some further communication. If it is to reach the city of Foochow, the Min River must be bridged. There are suggestions that a high-level bridge, probably of the suspension variety, could be constructed at either the Kimpai or Mangan Pass. Such an erection need present no great difficulty to the engineers, though the cost must necessarily be considerable.

The same eager desire for foreign learning witnessed elsewhere is again in evidence in Foochow. Within the

city there is a high school, a normal school, a military school, and a police school. Certainly energy is apparent in this direction, and one is set to wondering again what the outcome of all this activity is to be. Will it be used for the country's good? And above all (and it is the real serious question for the ultimate success of China), will it be the means of hurling down the great and all-powerful god of "Squeeze"? Until he is dethroned, and China's vast revenues handled with some degree of honesty, reform will never have truly penetrated the country.

Commercially, Foochow generally is keeping up its figures fairly well, even though the foreigner may not have as large a share in it as he would desire. The efforts that are being made to revive interest in China tea and increase its consumption in the United Kingdom have been favourably received in Foochow, and the port will doubtless acquiesce in any general line of policy that may be adopted. What may be done remains yet to be seen. It is hoped that the Imperial Chinese Government may assist, for the answer previously given—when assistance was sought to save the position—that the trade was not lost but only diverted, is not as correct now. What Great Britain then failed to take was exported to Russia. That plea no longer holds, for the actual export and consequently the revenue have both declined. China is therefore more concerned at present. It is certainly within her own interest that she should help herself and not leave it solely to the foreigner interested in the trade to do all the propagandist work. China tea can meet its rivals unmistakably for quality if not for price, but it must have modern methods for making itself known. It is a pity a more determined effort to meet the enterprise that Ceylon and India have shown has not been previously made, for markets that might have been held have been partially lost, and will require much energy ere they are regained.



THE BUND, SHANGHAI

CHAPTER VIII.

SHANGHAI AND THE YANGTSE.

Expansion of Shanghai—Growth of Settlements and Country Districts—Means of Locomotion—An Alert Community—Chinese copy Foreign Methods—Municipal Council—Shanghai's Position in Foreign Trade of China—Woosung Bar—Yangtze Valley—Nanking—Hankow—Bunds—Industries—Hanyang Ironworks—Arsenal—Steamer Communications—Hunan, the formerly Sealed Province—Changsha—Progress and the New Learning—Siantan—Pinghsiang Coal Mine.

THE growth and expansion of Shanghai must be seen to be fully appreciated. A resident of only a few years ago would be astounded at the development that has been brought about. More than a moiety of the foreign trade of China belongs to Shanghai; it ranks as the eighth shipping port of the world, and is destined to improve on that position. The scene coming up the Hwangpoo River prepares you somewhat for what may be observed. Alike on either side you have the tall chimneys of cotton mills, silk filatures, shipbuilding and engineering works, oil tanks, and other evidences of industrial development, and you note such extensive works as the length of foreshore that has been bunded by Messrs. Butterfield & Swire. There are likewise the great ranges of godowns of Jardine's, and the Associated wharves, the Nippon Yusen Kaisha godowns, and many others, affording a busy and active scene on either side of the river. Arrived at the Settlements there is a wealth of new buildings, conspicuous amongst which one notes the handsome pile comprising the German Club, erected on the site of the old Jinkee (Gibb's) hong. The fine building of the Russo-Chinese Bank had been com-

pleted since a previous visit to the port, whilst amongst other commanding new constructions may be noted the new Telegraph building, the Chinese Imperial Post Office, the German Post Office, the new Palace Hotel, the offices of the Mitsui Bussan Kaisha, and many others. People are likewise beginning to get more lofty in their building ideas. Messrs. Arnhold, Karberg & Co., when rebuilding, desired to erect premises, 100 ft. high, on the reinforced concrete system. The Municipal Council objected, and they have had to restrict the elevation to 85 ft. Along the Bund one misses, without any regrets, the unsightly opium hulks that were previously moored off the foreshore, and that now lie higher up the river clear of the French Concession. A needed improvement is in course of construction in the rebuilding of the Garden Bridge, though it has seemingly been a long job. Near by the public garden seems to retain, and indeed increase, its popularity. The aliens assembled, comprising every nationality, are sufficient to have swamped the whole foreign community of the port only a few years since. And yet tennis parties, the ever-popular Country Club, the cricket ground, golf course, and other recreations were in full force. The foreign population has grown to something like 17,000, including Japanese. The Chinese population has meanwhile increased to about 500,000. Well-defined laws and security for property are assets that the Chinaman can appreciate as well as anyone.

The growth of Shanghai is also remarkable at the back of the Settlements, where the roads, lined with residences, stretch far back. They indeed make that ever-popular institution, the Country Club, situated only a little beyond the Racecourse, almost belie its name, for the country lies miles beyond. Below Hongkew the growth is not so marked. Away out on the Bubbling Well Road is Hart Road. A little way along this is the Statistical Department of the Imperial Maritime Customs. Here all the work of collecting statistics, printing of returns, and production of all stationery and forms for use in the

Customs is now concentrated. Residences for the Statistical Secretary and the staff are adjacent, in the same grounds. Then the daily sight in the afternoon along the Maloo is a revelation. The roadway earned at one time an unenviable reputation as the home for producing a certain "mixture," shipped to London as tea. It may now be celebrated for the mixture of peoples and conveyances that take their daily drive along its too confined width. From the humble jinricksha to the motor car, and through all classes of horse-drawn vehicles, you may see Shanghai of all sorts and conditions out and about. And among some of the 130 motors that are licensed in Shanghai, you may see more than one manoeuvred by the Chinese owner. By-the-way, the Chinaman seems to make a fairly efficient chauffeur. It is of interest, perhaps, to recall the statements made when the tramway scheme was being debated. Several persons advocated the motor omnibus as more suitable for the narrow roads, but the suggestion was negatived, because it was asserted the Chinaman would not become a reliable chauffeur. The reverse has proved to be the fact, and no modern invention has developed more rapidly in Shanghai, or contributed more to the expansion of the town, than the motor industry. Enormous motor vans, used by firms which have their storage godowns far removed from their offices, the Municipal Council's new motor chemical fire-engine, etc., all prove how serviceable the new conveyance is on the flat country.

Another sight, that is a feature of business life in Shanghai, to be daily seen in the Settlement, is the rush of the exchange brokers morning and afternoon from the Hong Kong and Shanghai Bank as soon as rates are announced. You can almost gauge the activity of business, or the anxieties or prospects begotten of fluctuating exchange, by the alacrity displayed in the rush and the consequent noise of their traps. By-the-way, custom or tradition seems to require that these traps should always rattle, and that no repairs should ever be executed that would

in the least tend to reduce that noise. It would be bad Joss. During the business hours of the day, the steps of the bank and the adjacent pavement was crowded with Chinese, which almost reminded one, on a lessened scale, of the daily gathering in Throgmorton Street, except that the noise was less. To other conveyances Shanghai has now added a new means of locomotion, to wit, the tramway. That tramways should be a useful adjunct to the life of Shanghai most will admit, but in the opinion of many they should have been confined to the back of the Settlements and for service in the country districts.

It may truly be said that in the ordinary daily life of the place Shanghai presents all the necessary features of an alert community. There is an air of bustle as of much business doing. Shanghai, indeed, increasingly asserts itself as a factor in the life of the whole of China. It has become a financial, shipping, manufacturing, and general centre, and the growth of pursuits and population made the extension of the Settlements a matter of necessity. The same features may be noted at Pootung, on the opposite bank of the river, only there it is godowns and the necessities for the actual handling of commerce, and convenience to shipping, shipping repairs, docks, etc., that have to be noted. Some repeat of the growth and improvement of Shanghai is also reflected in the native city, where the widened streets, waterworks on Western lines, improved sanitation, etc., all go to prove, as the Commissioner of Customs points out, "That no invention will now be rejected by the Chinese merely because of its originating elsewhere." The Settlements still maintain that air of cosmopolitanism which have always constituted a charm. In its material advancement it owes much to its geographical position, but more to the energy of the successive generations of commercial and financial representatives who have made it the scene of their labours. The results of their efforts have, perhaps, not always been as satisfactory to themselves as individuals

as it has been to the general advancement of Shanghai. Periods of depression have not been unknown, and they have at times been very bitter, but Shanghai has always known how to rise out of the ashes of misfortune. The result of a step back in bad times has often been two in advance when the tide has turned. Its growing importance asserts itself even in a bad year. Alike in the sterner field of commerce, in sport, or in social life, the foreign community of Shanghai has interests and experiences that are denied to considerable towns in the United Kingdom or on the Continent of Europe.

With all the development has come, in a more and more acute form, the question of the government of the Settlements, especially the International Settlement, which largely means the British Settlement. The increasing work has necessarily been a severe tax on the Councillors who have so ably done their work, throughout the history of the Settlement. More particularly must it come heavily on the Chairman, and as he, as well as the other Councillors, is usually a busy commercial man already, the tax is a considerable one. The Council has done much for the material development and welfare of the place, as its police, its roads, and general arrangements bear witness. The drift of things generally is becoming more and more difficult for a body of Municipal Councillors, no matter how eager, or how competent, to be able to deal with adequately. The whole question of the government of Shanghai, including the subsidiary issues of the question of qualification, plurality of votes, and other matters, must inevitably arise ere long, and a solution be sought. It seems to me there are two ways of solving the problem. The one would be to have a salaried mayor, who would, in fact, be the ruler of the place. He would have to be a well-paid man of large experience, and one who had a keen appreciation of the questions that arise out of the extra-territorial conditions that prevail; and he would have to be a man of tact in handling some fourteen Consuls, who might at any time have questions

to settle with the Municipal authority. The other solution is that the British Consul-General, viewing the preponderance of British interests, and what has been done towards creating the British Settlement by Britishers, should be at the head of the foreign government of the International Settlement of Shanghai. In either case, I take it, the Mayor or the Consul-General would be assisted by an Advisory Council, elected in much the same way as the Councillors are at present. They would assist him with their views and advice, but would be relieved of all detail, and would have no power by majority of vote to do anything that the Mayor or Consul-General did not approve of. The matter is certainly difficult, and it would not be a very hard task to point out many disadvantages to either proposal. Such a one-man government would at least have the power to curtail the operations of places like the Alhambra, which was a disgrace to the "model settlement" for far too long.

In the world of foreign commerce in China, Shanghai far and away leads. If other ports show a great increase she has a like record to exhibit. Shanghai still possesses the advantage that no matter where business is done all over North and Central China the finance of the matter largely remains with her. In the banking world Shanghai has no lack of institutions. Practically every nationality with any trade at all in China has its own banking representation. To the list of ten banks that previously administered to the needs of Shanghai have now to be added the Dutch and Belgian institutions which have opened branches at the port. With changes in other ways, the conditions are changing in the business life of the port, more rapidly and more vigorously perhaps than in any other part of the Far East. Continental and American firms are entering the field with energy, and with all the businesslike promptitude of a modern commercial training. Young and energetic firms on the spot, who have a knowledge of their business and their customers, and who are willing to do pioneer work, are likely to prove most

successful in creating new demands and introducing new goods. It is truly astonishing the number of small firms whose name-plates may be observed in moving about the Settlements—names that you will frequently search for in vain in the local directory. Many may, perhaps, disappear after a brief existence, but some survive to add to the keen competition which is now a feature of Shanghai business. This competition makes it necessary for the man on the spot to watch the market, and to discover every possible opening for new products. The first flush of Western education has given to the provincial populations a sudden desire for new things ; it has created a demand, and shown that there is in China a vast field of new activity for the business man who is willing to work hard in understanding his subject.

Some of the obligations pertaining to the Municipal Council have been already briefly noted. More attaches in the matter of education. There is need for more to be done in Shanghai for the young foreign generation, and there is the more general obligation respecting the large Chinese population of the Settlements. In the cognate field of the supply of literature to the Chinese, Shanghai is keeping itself abreast of the times. The Society for the Diffusion of Christian Literature amongst the Chinese is too well-known to need more than mention. It has had imitators for profit, and one of the latest and best is the Commercial Press. Beyond the railway station it has erected commodious premises, where every department of printing, including the production of maps, is represented. Another institution that continues to do steady, plodding, uphill work is the International Institute. One must truly admire the tenacity with which its founder, Dr. Gilbert Reid, has clung to his task, in face I will not say of discouragement, but, in the presence, of only partial financial assistance.

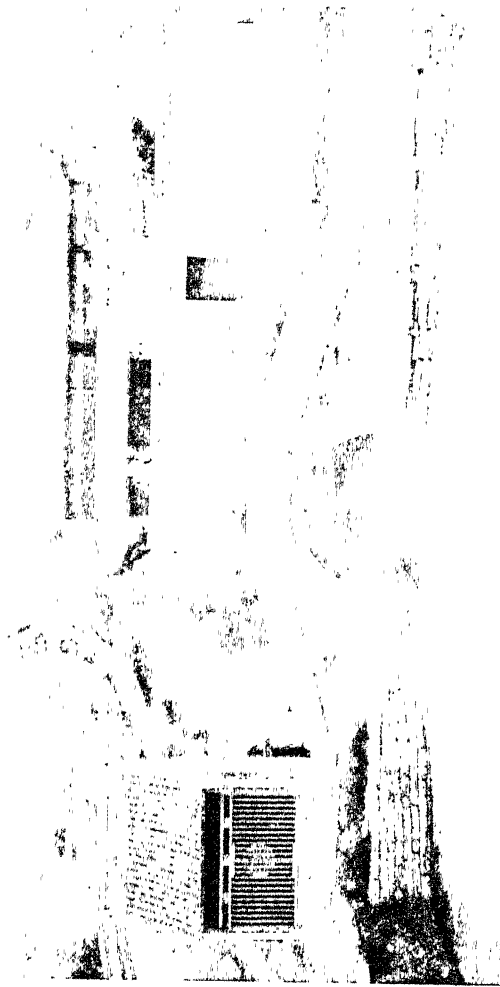
Little need be said of the past of the Woosung Bar, the grievance from which Shanghai has so long had the misfortune to suffer. Works to remedy the defect of

Nature are in progress. It may be recalled that the directors of the Hwangpoo Conservancy Board are the Taotai of Shanghai and the Commissioner of Customs, and that the Engineer-in-Chief is Mr. J. de Rijke, whose plans may be briefly stated :—

“To divert the stream from Ship Channel on the northern side of Gough Island to Junk Channel on the southern side, avoiding the almost right-angle turn over the Inner Bar into Ship Channel, so much complained of by navigators ; to construct a large training jetty at Woosung, nearly a mile in length, from Princes Pier to the Spit Buoy on the Outer Bar ; and to construct training works where needed, and especially in the vicinity of Gough Island, to bring the river to an easy curve and normal width from above the Chinese city to Woosung, and cut away Pheasant Point and other places where widening is necessary.”

The total cost of the works is put down at slightly over a million sterling, some portion of which will be recovered on the accreted foreshores. Shanghai feels some relief that the works are in progress, and it looks to their successful accomplishment to help materially in its development.

On each occasion that one visits the valley of the Yangtsze one becomes more convinced, if possible, of the great fertility of the valley and of the capacity of its inhabitants to extract the utmost from its rich soil. The normal condition of the majority of the Chinese population is such that it has, perforce, by extreme industry, to induce the land to yield its utmost. In the valley, as in most parts of China, the population is hardy and prolific. The amelioration of their estate and the increase of foreign trade rest largely on a better financial and fiscal policy, by a Government that is not blindly content to kill if it can only secure its own wants for the time being. Each official plays his own hand for the period he has it in his power to be taking a hand. After him



BRIDGE NEAR SOUTH GATE TEMPLE, NINGPO.

the deluge may come, for, with few exceptions, all he cares, or feels, for the well-being of his country, centres in himself and his interests.

Proceeding up the river from Shanghai, Chinkiang is first reached, and then Nanking, the seat of the Viceregal Yamên. Interest was felt at the time of my visit in the near approach of the railway from Shanghai, since completed. It should have a considerable influence on trade and other conditions of the city. In other ways of communication the roads have been greatly improved, and it is now possible for carriages to go to all parts of the city, where, it may be noted, distances are very considerable. The walls are themselves nearly 23 miles round, so that an extensive area is enclosed. Intra-mural ground is by no means covered with houses, there being much cultivated land within its walls. The chief road, the Maloo (horse-way), of the city, is from the port at Hsiakwan on the river up to, and through, the city. It is fairly well maintained, and is a credit to the Chinese. Along the roads it is proposed to have a horse tramway. Why should not the progress be up-to-date, and electricity adopted? The city could at the same time have lighting power available for both public and private purposes. Telephonic communication exists, and waterworks are coming. Nanking, in fact, is moving and developing. The police one saw about were neatly dressed in grey uniform, and whilst some had a slovenly ill-dressed appearance, many were quite respectably smart. The same remarks apply to the soldiers. Having got the army into some form, suggestions are now being made as to a navy. What China—this part of China—really needs is not so much a navy, as proper and efficient police control over the waters of the river. Light craft of fair power and moderate armament are the requisites. It will be many years ere China has need of a navy—that is, ships adapted to blue water. To return within the city, there are many new shops in a semi-foreign style, whilst Government schools, police stations, and other buildings

are also in foreign style. If to these we add the Customs quarters, the fine British Consulate, and the German and United States Consulates, we get quite a considerable showing of foreign buildings in Nanking.

It was my pleasure, on my return down the river, to spend several hours at the Viceregal Yamén with His Excellency Tuan Fang, including luncheon to a party of students who were departing the following day for Japan. The Viceroy's name is still favourably remembered by foreigners for his safeguarding many missionaries at the time of the Boxer outbreak. I had met his Excellency originally in London, when he, with his colleague, Tai Hung-tzu, formed one section of the famous Commission that visited foreign countries in 1906. His Excellency's report, contained in four Chinese covers, each containing eight medium-sized volumes, was issued just previous to my visiting Nanking. I was made the recipient of a set of these volumes. His Excellency is certainly leaving his mark in improvements in Nanking, whatever else is being done in the provincial districts; but, like most high officials in China, he is overworked.

As we reached Nanking in the early hours of the morning succeeding the assassination (in July, 1907) of En Ming, the Governor of Anhui, we were the first steamer available for the despatch of troops from Nanking to Nganking. We took on 700 men, who seemed a decent, orderly, well-set up lot, uniformed in khaki, and fully equipped. Their arms and accoutrements were in fairly good order, and they were all provided with spare boots, haversacks, and water bottles. They were orderly on board, and disembarked quietly and without any fuss. Indeed, the twenty native passengers we had for Nganking made the usual fuss and hubbub that seems inseparable to a Chinaman doing anything of the sort, whereas the 700 soldiers landed and formed up ashore without either noise or confusion.

Before passing on to Wuhu, I may note that Tatung,

a passenger station stopping-place, is the spot whence the Lister Kaye Anhui Mining Concession is reached. The actual spot is Tung Kuan Shan. The difficulties connected with the concession are still in progress, and work cannot proceed. Japanese are now jointly interested, but the association has not, so far, overcome the opposition manifested to all such schemes in China at present.

After many years as a Treaty port, without any special foreign settlement, Wuhu is about to be provided for in this way. The land allotted is below the city, and bunding has been carried out. The Indo-China, the China Navigation, and the China Merchants Steamship Companies had each taken up blocks of ground. The water here is deep, and steamers will be able to come alongside the bund without the necessity of the hulk customary at most Yangtsze ports. Another block of land has been taken up by the Anhui Railway Company, and besides having this bunded, the company intends constructing a canal about a third of a mile long. Junks could go alongside the railway wharf to be constructed along the bank of this canal, and thus provide considerable facilities. As to the railway, this is a Chinese line from Wuhu to Kwangtehchow, in the south-east of the province. Wuhu should benefit from this railway alone, whilst if it is extended and connected with lines in adjoining provinces, the port should still further benefit.

Railways also absorb a certain amount of attention at Kiukiang, the particular line being that from the port to Nanchang, the capital of the province. It only seems to be in progress of construction in a half-hearted sort of manner. The plans were drawn up by British engineers, the money is Chinese, and the construction is in charge of Japanese engineers. The funds are being collected from various sources. A *lekin* tax on cereals provides some portion, and has had the result of raising the price of rice; subscriptions are solicited from shareholders and arrangements suggested for a foreign loan.

At Kiukiang you are close to the Poyang Lake. Proceeding across this and up the river one reaches Nanchang, the capital of the province. For the last four summer seasons, at the period of highest water, the China Navigation Company have run the *Kian*, a steamer specially constructed for shallow draught work, and excellently adapted for the service. She makes the trip to Wucheng and Nanchang from Kiukiang about once in every five days. One subsidised Japanese steamer of the amalgamated Japanese lines is also on the lake run.

No one can now say that there is any lack of steamers running on the Yangtsze between the main ports of Shanghai and Hankow. If you have the fortune to travel in either the Butterfield & Swire steamer *Kinling*, or the *Tuckwo* or *Loongwo* of the Indo-China line, you will have the essence of luxurious steamboat travel. They are constructed on the lines of the Fall steamers in America, and the cabins and all appointments are of the most comfortable order. The upper deck is devoted entirely to European passengers, or those who rank as such. The officers are also accommodated on this deck. Below this is a deck devoted to first-class Chinese passengers. Excellent accommodation, very little inferior to that on the deck above, is here provided, with fine saloon and all conveniences. Many do not appreciate what is provided for them, and the abuse to which the fittings are subjected is evidence of the filthiness to which even first-class Chinese can descend; but many not only appreciate the class of accommodation now provided, but have grown accustomed to and demand it. I have said there is no lack of vessels now plying on the run. There are, as a matter of fact, eight lines of steamers, of which two each are British, German, and Chinese, the Japanese (an amalgamation of all the previous Japanese lines) have one, and the French have inaugurated a line with some excellent vessels. The two British lines, the China Merchants, and the Japanese have vessels on the Ichang



THE BRITISH CONSULATE, NANKING—PURPLE MOUNTAIN IN DISTANCE.

run, which port is not usually short of tonnage. Butterfield & Swire, the Indo-China, and the Japanese have also special shallow-draught boats running across the Tungting Lake to Changsha on the one hand, and Changteh on the other. The Butterfield & Swire steamer *Siangtan* is again an excellent boat like the *Kian*, specially constructed and fitted for the run.

Seven years is perhaps not a long period in the history of a port that has been open to foreign trade for nearly forty-seven years. What has been done, however, in Hankow in the years prefixed by 1900 entirely eclipses anything that had been done in the forty preceding ones. Hankow, from the foreign point of view, has been revolutionised in that time, and a like spirit has also invaded the native city.

The forenoon of the third day after your departure from Shanghai usually finds you alongside the hulk at Hankow. If you should be coming from the north, it would doubtless be by the Ching-Han Railway, which does the run from Peking in 36 hours. As you approach Hankow by water you come first to the railway concession, from which spot, just above Seven Mile Creek, the concessions extend right up to the native city. Above this railway concession comes the Belgian, which has been bought back by the Chinese and added to the adjacent strip of land. The scheme here is to form a model Chinese Settlement. Whether it will come to anything remains to be seen. Above this comes the Japanese concession which, including its extension, runs to 250 *chang* (a *chang* is 141 inches in general, but is not always exactly the same). Succeeding to the Japanese comes the German concession, with the considerable frontage of 300 *chang*. The French concession, which comes next in order, has only a comparatively small river frontage, then comes the Russian, and, finally, the British concession adjoining the native city. Going down river, starting with the British, there are five good miles of bunding done, then a gap of the Japanese and the to-be model Chinese portions

unbunded, and finally the Gare Maritime concession, which has been bunded. The Chinese have run an embankment, practically the same height as the concessions, say 46 ft. above the low-water mark, at the back round to the native city from Seven Mile Creek. This has had the effect of practically keeping the Racecourse and the back land—often flooded before—free generally of floods, though not at exceptional times.

Omitting a small portion of the Russian, practically the whole concession frontages are let to various shipping companies, whilst in addition a Chinese, a British, and a Japanese company have berthage off the native town. The congestion shown here is repeated as far as shore matters are concerned. Though a great deal of new building has been done, the demand for houses was very keen and rents high. A notable erection on the German concession is a huge building for the Anglo-American Tobacco Company, which will have a capacity of several million cigarettes a day. Native tobacco will be used for the greater part.

Viceroy Chang Chih-tung, whose Yamên was at Wuchang, on the opposite side of the river, has now been called to Peking, but his Excellency has left a strong trail in the Hukwang provinces. He has done much, and if the mills, ironworks, bunds, and other schemes have not been financially successful he has at least dared to do when others hesitated. The intention was always good; the execution left much to be desired. At least, he is reported to have kept clean-handed, and, viewing the positions he has occupied, to be still a poor man, relatively speaking.

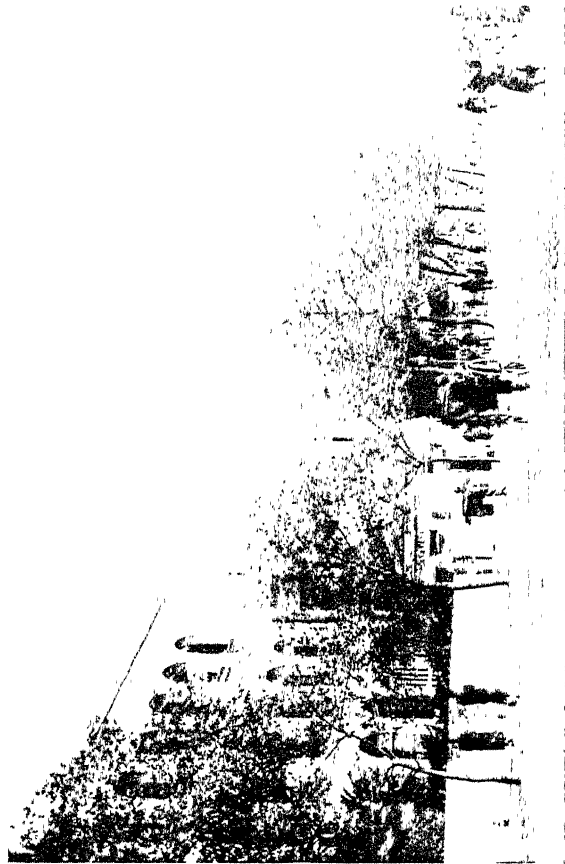
A very little geographical knowledge is needed to show the great benefits that must accrue to Hankow when the projected or contemplated railways, of which it would be the important terminal, are constructed. The magnificent waterway on which it stands, supplemented by railways, make the prospects of Hankow, in normal times, of a most excellent nature. It has already advanced

greatly, but it is as nothing to the developments that will follow. The only completed line is the Ching-Han, which connects it with the capital. This line runs at the back of the Settlements after touching the native city, and terminates below the Gare Fluviale, on the railway concession. This does not give quite all the facilities needed for the handling of cargo, and it would seem that sidings to the Settlements are desirable. The railway siding question is, indeed, one of the important matters in local politics at the present time. The German concession is already connected by a siding that comes down to the foot of one of the roads to the Bund. Like treatment is desired by the British concession if it is to work on level terms with its neighbour. The railway company does not so far seem very complaisant in the matter, but a little push should enable the matter to go through. It should come down to where the present Municipal building is situated, just off the British concession.

Hankow is gradually becoming a considerable industrial as well as commercial centre. In the foreign godowns you may see the preparatory stages of many articles of exports to render them more merchantable in the foreign markets. Hides, feathers, sesamum seeds, nutgalls, wood oil, tallow, vegetable wax, and other commodities are so treated. This is not, strictly speaking, industrial work, but it is the initial stage in the same. Albumen factories are likewise still going strong, though Chinese competition at Chinkiang has the effect of considerably spoiling the prices. On the Wuchang side the ventures of the Viceroy in the shape of the cotton mill, the China grass factory, and the spinning and weaving mills are all leased out to Chinese, and manage to maintain an existence of sorts. There is likewise a tannery, where one foreigner is employed, and a Chinese glass factory. Another development near by is an experiment in growing native tobacco. A Filipino is in charge, to instruct both as to growing and curing the leaf, whilst a foreigner acts as inspector and advises generally.

Another industry on the Wuchang side was the erection a few years ago of machinery for crushing and refining antimony ore. The enterprise was taken over by Carlowitz & Co., who made considerable additions to the plant. The site is the only one held by a foreigner on the south bank of the river. The attempt there has led to Chinese starting an antimony ore smelter in Hankow city. Smelting is also carried on by other Chinese under Japanese protection on the Japanese concession. All the raw material comes from Changsha, in Hunan. Of factories for brick tea, a staple of Hankow export, there are many in Russian hands, but a new development is the erection of a Chinese-owned factory.

The most important of local enterprises are the iron and steel works at Hanyang, the third of the group of three cities, which is situated on the northern bank of the Yangtze, that is, on the same side as Hankow, from which it is separated by the Han River, which here joins the main river. The works are on a site that extends to the bank of the Yangtze, to afford the necessary water facilities. It is one of the enterprises started by Chang Chih-tung. Indeed, its existence, as well as the presence of the Viceroy, was due to his Excellency's own suggestions made to Peking as to railways. At that time Viceroy of Canton, he suggested China, who was being pestered on all sides for railway concessions, should make her own railways with her own rails rolled from Chinese ore on Chinese territory. Peking sometimes takes up such proposals and sets the man who suggests them to carry them out. Accordingly Chang Chih-tung was shifted to Wuchang and told to go ahead. The story of subsequent expense, of failure and success, need not be told, but I may take up the thread as I saw matters on the occasion of my visit. I found the works in the process of being reconstructed, so that the capacity and the class of output would be greatly increased and the standard raised. These new works were to have been completed by May, 1907, but there still remained much



THE BUND, BRITISH CONCESSION, HANKOW.

to be done when I saw their condition in the middle of July. The actual output of 1906 was about 5,000 tons a month of pig-iron. Of the annual output Japan took 26,000 tons, whilst 1,000 tons went across the Pacific to the United States. This proved to be the forerunner of other shipments. The two original blast furnaces turn out about 100 tons each a day. The new furnace in process of erection was capable of producing 250 tons a day, so that when in working order the total capacity was 450 tons a day. The estimated output for 1908 is 160,000 tons of pig-iron, but there is doubt this quantity will be achieved. There were originally two steel processes working—the Bessemer and the Siemens-Martin. The Bessemer process has had to be abandoned as the ore (all obtained from Ta-yeh, about thirty miles away on the river, and where, but for the fact that the Viceroy wanted the enterprise near him, the works should have been placed) contained too much phosphorus. The plant being erected was quite on the latest principles. It was being installed to take the pig-iron, as it ran from the blast furnace direct to a gas-heated boiler. This boiler has a capacity of 150 tons each charge. Here equality of mixture is produced, and the metal passes straight on to be converted into steel by the Siemens-Martin process. In addition to the roll mill new plate, angle, etc., mills were being erected. The great plant comprises three engines each of 6,500 h.p., with electric travelling platform rollers. All of this new machinery was of British make, and represented a very considerable capital outlay. It will be able to produce girders, columns, and all kinds of structural steel up to any quality. High-class work is aimed at that will pass any recognised test. The necessary machines for testing are installed in a house near by, and arrangements were being made for Lloyd's test certificates being issued. The iron mines at Ta-yeh comprise an area of thirty-five square miles, and contain about 250,000,000 tons of iron ore. The Lion Hill, now being worked, contains 150,000,000 tons

of ore, which is taken by rope tramway to Shih-liu-yao, a distance of about eight miles, where it is then stored pending shipment by steamers. The ore averages 66 per cent. of iron. The coal and coke required daily will run to many hundreds of tons. It is hoped the Pinghsiang mines in Hunan can supply all. The present Chinese director Li is certainly a considerable personality. He has been a good deal in America, speaks excellent English, and seems thoroughly to understand his work. He has an able expert coadjutor in Herr Ruppert. There are besides, some ten or twelve other foreign assistants and foremen.

The adjacent arsenal seemed to be in a semi-moribund state, owing to the lack of necessary funds. Half the machinery, whether for rifles, cartridges, or especially ordnance, was standing idle. There was a general air of being only half alive about the whole place. Some rifles—Mauser '88 pattern—were being turned out, and a certain quantity of cartridges and quick-firing ammunition. No guns were being made.

Notwithstanding that tea has fallen from its high estate, and no longer may one see the string of direct steamers for London, and perhaps Odessa, anchored off the Bund, it is still the centre of a good deal of interest, and the annual arrival of the *Cha-szes* remains an event. In general import business a strong attempt was recently made to get business on a cash basis, and it would seem that any such attempt must be in the right direction.

The result of the present and prospective railway development and the general growth of trade to the important figures that have now been attained, is that money is already beginning to flow to Hankow, which bids fair to become an important financial centre. There is already a good deal doing, and the prospects for Hankow becoming a really great centre are decidedly promising. So far the developments have largely been by continental firms. British representatives do not seem to have shown the same alacrity. The days when you can sit in your

office and the business will come to you have passed in China, as they have in many other parts of the world. In this connection one hears a good deal about the Japanese hold on the Yangtsze Valley. Certainly, the numbers of Japanese nationals have increased considerably. The opinions as to what they are doing and what they will do are very diversified. The ex-Viceroy Chang Chih-tung greatly favoured them. For instance, he had a Japanese sub-director of the arsenal at Hanyang, but he had the quasi-honourable position of not being permitted any voice or say in running the arsenal, and the only task he had to perform was to draw his monthly salary. In general, it must not be denied that the Japanese have commenced a fairly vigorous attack on the trade.

A round trip of six days from, and back to, Hankow enables you to visit Changsha and Siangtan. You proceed up the Yangtsze for a hundred miles and then turn into the entrance to the Tung-ting Lake at Yochow. The real place of call is Chenglingchow, distant five miles from Yochow. Here the Customs has its establishment, and here the routes for Changsha and Changteh diverge, that for the former proceeding almost due south, whilst for the latter a rather more westerly course has to be traversed. Either is across the lake, and is only available in the high water summer season. The River Siang has a channel through the lake, but its capacity in winter time for steamer traffic is very limited. We came practically right across the lake in July in 15ft. of water along a course that is quite dry by, say, December. What would seem to be serviceable craft would be light draught launches that could be employed continuously throughout the year. A system of junk passes giving steamer privileges to junks running between Changsha and Yochow, during low water season, seems to have answered very well.

At Changsha it was a relief to see the blue clear water of the Siang River after the yellow, pea-soupy, waters of the

Yangtsze. Hunan was a sealed province a few years since. Changsha, its capital, was opened (under the Japanese Treaty) in 1904. On arrival you see a considerable city, having good walls. No sooner are you alongside the hulk (there are three, belonging respectively to Jardine, Matheson & Co., Butterfield & Swire, and the Japanese Company) than you are handed the card of a Chinese official of sub-taotai rank. All foreigners coming to Changsha are registered. The Chinese like to know who arrives. It is partly curiosity, but it is also done with the good motive of providing protection during your stay. The officials are not too much pleased with the advent of foreigners to the city—the hitherto sealed city. Nor are the gentry, of whom many live here, as being a sort of model Chinese city, or the retired officials who make Changsha their home, eager to have the foreigner amongst them. But they particularly desire to keep free of any questions affecting foreigners, or any embroilments with them. They therefore take extra precautions to see that as far as possible no trouble is caused or harm come to the stranger in the land. I could not help observing that wherever I went about the city a Chinese police officer seemed to be not far behind my chair. These police seem to be fairly efficient and neatly uniformed. What their value might be to a foreigner if a really serious disturbance took place, and life was in danger, I am unable to say. Probably it would vary in degree according to the capacity of the officer in charge.

The common people of Changsha seem to have no animus against the foreigner. They are generally respectful in their attitude, and do not indulge in objectionable curiosity, notwithstanding that the number of resident foreigners is limited to practically the British Consul, the Customs staff, the missionary body, and a few educationalists. Though respectful, the Hunanese populace is independent in general carriage, and it is fairly enterprising. It prides itself on its independent views, and that it leads China in many ways. We may remember

that the great Taiping Rebellion in its ravaging passage through Central China left Hunan untouched. Hunan turned it on one side, and refused either to be embroiled or to let the rebellion run in its province. Viewing the present quietude of the city towards the foreigner, one could not but reflect that it was the home of the infamous Chou Han, whose writings were so largely responsible for the anti-foreign troubles and risings in the Yangtze valley in 1891. Like many, indeed most, of the cities and towns of China at the present time, Changsha is smitten with the desire for the new, Western, knowledge. Schools have sprung up everywhere, which it is to be hoped will continue to receive the necessary financial support to insure their continuance. Two years ago a Harvard graduate was engaged to work in three of the leading schools, and a voluntary educational institution has been provided in the Yale Mission. This is more educational than missionary in its constitution. It is supported by Yale University, and such fees as attending pupils pay. The missionary societies also do a good deal of primary school work, whilst some fifteen Japanese professors are engaged in Government schools teaching scientific subjects, and four Japanese ladies conduct a kindergarten. Changsha is apparently not dragging astern in the race for the "new learning."

There is no foreign settlement at Changsha. The British Consul lives at a big rambling Yamên in the city, and is by no means as well off as the Commissioner and assistants in the Customs, who are quartered in fine houses on the island of Shui Lu Chiao. This island is opposite the spot where the steamer hulks are moored, outside the West Gate suburb. It is a pity the British Government does not build a Consulate on this island. It would be of convenience to the shipping. The Japanese have, I believe, already taken up ground on the island for the erection of their Consulate thereon. The island is of moderate extent only, and it is as well not to leave the matter till too late. The streets of Changsha are broader

than those of most Chinese cities. They are well paved with granite, and admit of ricksha traffic being carried on, though the vehicles themselves are the poorest, most shandrydan collection I have seen in China—and they are pretty bad in some other spots. Goods, cargo, bricks, building materials, even logs of timber and poles are transported by the wheelbarrow, so dearly beloved of the Chinese. But the instrument here differs in pattern to the ordinary variety in that, instead of the big wooden wheel, they have quite a small one—probably not more than some 15 inches in diameter. But that small wheel can creak and squeak and groan in a way that easily gives points to its larger brother. The shops are fine, and the wares often expensive, and of the best native materials and makes. Changsha has a more wealthy population than probably any other Chinese city of its numbers. One, therefore, is not astonished at the appearance of the shops and their contents, whilst their signboards are magnificent and would easily vie with those of Canton or Peking.

As regard foreign trade, the only question seems to be the eternal one that recurs each time a port is opened, viz., whether the city or town, or only the settlement, or in this case the immediate vicinity of the steamer landing-place, is the *lekin* free area. At present cigarettes, of which there is a fair quantity imported, are the only things that have managed to get into the city. The rest is blocked outside. The British contention, ever since *lekin* was first started, has always been that it is the city or town itself that is opened to trade, and not merely the settlement, or foreign quarter, that is *lekin* free.

The Changsha steamers usually proceed on to Siangtan under Inland Waters Regulations. It is a considerable mart, about 30 miles farther up the Siang River to the south. It seems to be losing some of its importance. It formerly had a good deal of Canton trade passing through on its way to the Yangtze. The development of steamer communications round the coast and up the

Yangtze has stopped a good part of this land traffic. The town is an ordinary Chinese one of no special characteristics, except the long line of junks that is moored to the bank. Changteh, another considerable Hunanese city, is also open under Inland Waters Navigation rules. It is reached across the lake from Yochow. The first foreign vessel to proceed there was Messrs. Butterfield & Swire's *Siangtan*, in August of 1906. She was greeted by thousands on her arrival, and was an object of considerable good-humoured curiosity. The route is now served by the same company's *Shashi*, and by a vessel of the Japanese line.

The future of Changsha may depend a good deal on the railway, which is now far away from being brought into the province. The Canton-Hankow line would go through the province, and might conceivably modify the general conditions to a considerable extent. At present the Hunanese show their sturdy independence by refusing to put up a single cash for the projected line, though they have been invited more than once to do so. They will not trust the officials with their money, though the province is wealthy and awaiting a development that the railway would in part bring to it. Hunan is, of course, a very old part of China, and it seems strange to use the word development in a country that has been peopled for thousands of years by inhabitants who have for so long been living in circumstances of comparative comfort. The only industry that has been fully developed is agriculture, and here, as in other parts of China, it is of the market garden and not agricultural order, so highly is the land made to bear. But the word is true nevertheless, for Western appliances can extract much in the shape of mineral wealth that is untouched, whilst communications can render markets more accessible, besides providing facilities for personal intercourse with other provinces and districts that are now practically cut off from each other. There are hundreds of coal mines in the Changsha district, but with only native methods and appliances

their production is limited. Other mineral wealth is believed to exist, but coal alone would occupy a great many energies. It is slowly being borne into the minds of a few of the thinking Chinese that with cheap fuel the denudation of China of almost every twig that grows could be arrested, and the rainfall better regulated and distributed by reafforestation. It should prove an unspeakable boon in domestic ways, whilst it leads also to the creation of industries that are retarded, or prevented, at present by the want of abundant and cheap fuel.

Time did not unfortunately permit of my visiting the important coal-mining enterprise that has been brought to a successful issue at Pinghsiang. The actual mine is situated five kilometres west of Pinghsiang, just on the eastern border of Hunan. The mine belongs to Shêng Kung-pao, and proceedings were commenced on it by a party of German engineers in 1898, with the intention of providing coal and coke for the ironworks at Hanyang. By 1904 it was able to overtake the demand for those works, though with their enlargement they will again tax the whole output of the mine. At present both the surface and the underground plants are completed to a standard of 1,500 tons of coal a day. Development will have to proceed apace to keep up with the contemplated daily demand of 3,000 tons for the ironworks. Present output for the major portion is made into coke in modern stoves. The coal itself has 20 to 30 per cent. of gas. It has been used by the China Merchants' Company, and occasionally by British and German gunboats, and is said to be a fairly good steam coal.

The produced coal and coke was at first taken from Pinghsiang by small boats a short distance, and then by a railway, completed in 1905, 90 kilometres long to Chü-chow, which is on the Siang River, about 50 miles below Changsha. The line, which is standard gauge, and well laid and ballasted, has since been completed to the mine, and one extra handling is thus avoided. The rails are 76 lbs. to the yard, and were rolled at the Hanyang

Ironworks. Chuchow is not, however, a very favourable spot for shipping the coal. For three months of the year it has practically no water at all, and for other three months only one-third of a full cargo can be taken by the lighters which transport it to its destination. The railway is therefore to be extended to a point 20 miles above Changsha, instead of the present rail terminus 50 miles below that city. A bad bend in the river, possessing many shallows, will thus be avoided, whilst there will be much better water available during the low water season. The coal and coke is now transported from railhead by 36 lighters and 40 smaller craft. The total lighterage capacity now available in a year is reckoned at 420,000 tons.

Certainly every credit attaches to the little band of foreigners for the work they have done in this isolated province of China. It should be an object-lesson to the Chinese, and above all to the Hunanese. The difficulties of opening out a mine on the distant borders of Hunan, the transport thither of machinery, and all the necessities required, must indeed have been great.

CHAPTER IX.

TSINGTAU—TIENTSIN.

Liberality of the Reichstag—The Customs Arrangement—Growth of Tsingtau—Harbour and Dock—Government and Governed—Summer Resort—Tsinanfu — Governor Yang — Foreign Settlement—Baptist Mission—The Taihu—Prospects of Chefoo—Railway Wanted—Growth of Tientsin—Settlements and Concessions—The Ex-Viceroy, Yuan Shih-kai—River Conservancy—Hindrances to Trade—Chinese Attempted Regulations—Transit Pass Difficulties.

FEW Colonial ventures have been blessed with such a Fairy Godmother as the Reichstag has been to Tsingtau. A vote of seldom less than half a million sterling per annum, and sometimes rising to £600,000, or 12,000,000 marks, has been showered on to its devoted head, until a sum of over £6,500,000, or 130,000,000 marks, has been lavished upon the *protégé* of the Fatherland. With the money frankly donated, and not advanced by way of loan, on which interest has to be paid, it has been possible to construct Tsingtau, and endow it with many things that less favoured spots attain only when fully grown. The change since I saw the young and budding colony in 1900 is a kind of transformation. The Germans have not spared, and are not sparing, either money or trouble in the endeavour to make of Tsingtau a serious trade rival to Chefoo. Tsingtau has a great asset in its fine harbour, and the Customs conditions under which it has been working have proved exceptionally favourable. What has been achieved in this way will best be told in the words of the man who has done so

much to bring the new scheme into bearing. Mr. Ohlmer, for long the Commissioner of Customs, thus writes :—

“ The year 1906 marks the beginning of a new epoch in the interesting history of this young port. During the first epoch, 1899-1905, instead of the usual frontier Custom House, with all its irksomeness and unavoidable delays for goods and travellers, the German Government invited the Chinese Customs to function at Tsingtau, the capital of the Pachtgebiet, under much the same rights and privileges as a German Custom House. The principal object of the arrangement was the creation and promotion of trade and commerce between the Pachtgebiet and the Chinese hinterland. The results of the first epoch have conclusively proved the wisdom of this novel arrangement. Under it, trade developed beyond expectation, and Tsingtau, the former dilapidated fishing village, grew into a handsome city with a flourishing mercantile community, and a considerable number of manufacturing establishments. Its success emboldened the Government to agree to going a step further and arrange for the limitation of the free area, which formerly comprised the whole Pachtgebiet, to the harbour on much the same lines as at the German free ports, Hamburg and Bremen. The chief advantage of this step lies in the removal of Customs control from the railway stations to the free area, and the consequent freedom of goods and passengers to pass in and out, from and to the hinterland, without hindrance or control of any kind—a traffic simplification from which a considerable increase in trade was expected. This expectation has already been realised. The new arrangement has inspired confidence in the stability and future of the port, and is attracting artisans, traders, and wealthy Chinese firms, which last, hitherto dealing with Chefoo, have until now kept aloof from this place.”

The arrangement has been the means of furnishing a substantial contribution annually to the funds of the

colony. At the inception of the first agreement there were a good many complaints uttered because permission had been accorded the Chinese Government to have a *piéd à terre* on what, for the time being at all events, is practically German soil. It was thought to militate against the free port status. The official classes and many of the merchants were, however, upholders of the arrangement. The objections have proved to be sentimental, and there are few, or none, who would now raise a voice against the agreement.

A visit to Tsingtau in 1900 showed little more than the site of a town that was to be. Now it is practically built, though naturally it is hoped that it will go on extending. Within Kiaochow Bay, where the town abuts, is the principal harbour for loading and discharging cargo. No one regretted leaving the outer bay for the quiet quarters provided for shipping in the extensive harbour that is now practically completed. The moles and piers have the railway adjoining them, and cargo can be easily and expeditiously handled. The line is also brought into town along the backs of the establishments on the sea front and past the doors of godowns to the Customs premises, but it did not show many signs of extensive usage. Within the harbour the immense floating dock is moored, with a projecting mole to protect it on the end facing the entrance of the harbour. Its lifting capacity is for a vessel of 16,000 tons. It is entirely operated by electricity. In the shops the machines have also electric drive. The power is received over the cable at the high rate of 7,000 volts, and reduced according to requirements. There are navy store yards of all descriptions within the dockyard enclosure, which has been erected entirely on made land as a part of the scheme of the harbour construction. A staff of 40 Europeans is employed in the yard, and 1,200 Chinese workmen. Of these, 300 are Shantung students, who are going through an educational course. They are taught to read and write, and trained as mechanics. Hitherto the Shantung man

has not shone greatly as a mechanic, and the experiment is interesting. Apparently the inhabitants of this province, who are generally dubbed stupid, have been somewhat maligned, and are proving to be worth more salt than they were previously reckoned at. On the dock-yard quay stands a monster crane of the capacity of 150 tons. It has been tested to 200 tons, and it is claimed for it that it is the largest in the world.

Amongst the new and important buildings one must first note the fine block of Government offices. It is a splendid pile. There is likewise a fine Naval Hospital, beautifully situated, and of a capacity, it is hoped, that will never be taxed. There is a good Government school, in which 78 European pupils were receiving instruction. Besides those resident locally, boys are sent here from other ports in China, arrangements being made for them to be boarded. The instruction includes the curriculum of a home school for pupils of similar ages. German is naturally the principal language, but instruction is also given in English, and classes held in that language. There is also a girls' school on somewhat similar lines, and a Chinese girls' school, where Chinese, German, and English are taught, besides special feminine employments. In the way of private residences a new house of imposing dimensions and appearance, with ample grounds, has been erected for the Governor. Externally it resembles a German schloss. In the so-called villa quarter a number of ornate residences have been erected. Industrially one may note that the Standard Oil Company and the Asiatic Petroleum Company have both completed installations for oil storage not far away from the harbour. The Shantung Silk Industrial Establishment at Tsangkow is going on well. Its products find a ready sale in Europe, where they are appreciated for their quality, both in material and workmanship. The whole establishment is a model one that will stand comparison with any similar class of establishment elsewhere. The conditions of work are such that any vacancies amongst the workers

are eagerly competed for. Fruit culture has now become a veritable industry that is expanding every year. Excellent fruit of many kinds is produced, and the export to Shanghai and elsewhere has become an important one. The Chinese have taken to it eagerly, and orchards may be seen at many places along the route of the railway to the interior.

Concerning the relations subsisting between the Government and the governed, I found a considerable change for the better. There was an absence of the oppressive officialism that formerly pervaded the place. A freer spirit now prevails, and there is a better community of feeling between Government and the mercantile and shipping representatives. A greater commingling may also be observed at the club, where so many awkward corners get rubbed off the man angularly inclined.

Taxation still remains moderate, thanks to the liberal help afforded by the Home Government. It consists only of a tax of 6 per cent. on the value of land. True, that value is rather arbitrarily fixed by the Government. Indirect taxation takes the form of licences for spirits, opium, etc., which, like the tariff duty, is collected by the Chinese Customs officials and handed over to the Government, less an agreed percentage for the collection. The land regulations remains as before, and are still a source of considerable heart-burning. If you take up land you pay a tax of 6 per cent. on its value. If not built on in three years the taxation is raised to 9 per cent., and so on until a maximum of 12 per cent. is reached. The regulations have the effect of hampering and crippling the development of the place. Such an individual as a landlord is still an impossibility. The small man possibly cannot afford to buy land and build on it. Yet the landlord class, who would, is banned.

Tsingtau is rapidly coming into favour as a summer resort, and its accommodation is severely taxed in July, August, and September. It is already often referred to as the Brighton of China. Certainly, if you come from

sweltering Shanghai in July and August, you will delight in the purer and clearer air, as well as the reduction in actual thermometer heat. On the east beach of the outer bay, a mile and a half from Tsingtau, is a delightful stretch of sand adjacent to which is the racecourse. An attraction is also provided in a military band twice a week. Close by inland you can get plenty of good walks, including the roads and paths through the afforestation preserves. Here you may see extensive work being done. A vote of £5,000 a year is given to aid it. There are nurseries of all sorts for firs, acacias, and other trees that are planted out on the adjoining hillsides and further afield in the leased territory. Fruit trees, strawberries, and every class of vegetable are also cultivated, and the produce thereof sold first to the officials and military, and then to the general public. Much educative work, in showing the Chinese how to cultivate such produce, is being accomplished. Altogether Tsingtau has achieved a good deal in its comparatively short life under new conditions.

Of the railway that runs to Tsinan-fu, the capital of the province of Shantung, I shall write later. It is rather a tedious journey there from Tsingtau by the line, but a visit will certainly prove interesting.

The Chinese authorities there are moving along somewhat in the way of foreign progress. His Excellency Yang Shih-hsiang, the Governor, is an interesting personage. He said that something was being done to move forward in China, but that it was the face of the clock that had received the greatest attention so far. What was required was that the works inside should have real attention bestowed on them. The interior, that was not superficially observable to the eye, was the part where China needed reform. He may generally be inscribed as a progressive man, and as a man of ideas also. For instance, he is much against the early marriages prevalent in China. His Excellency contemplated, he told me, sending in a memorial to the throne, praying that early

marriages be prohibited unless the man was in receipt of a certain income according to his station ! He would begin with the lowest coolie, who, say, in Shantung, and where prices of living were about the same, should not marry unless earning 200 cash a day. The price would rise with each class in the social scale. I will not venture to speculate on so interesting a topic. Early and improvident marriages are doubtless bad in any country, the cause of much misery to the individual, and may possibly prove a burden on the community ; but making people good by Act of Parliament has not yet been successful. In this case one would strongly doubt that the memorial would result in an Edict, which remains, pending the new Constitution coming into force, China's equivalent for the Act of Parliament. I fear the whim is somewhat quixotic ; fortunately other of his Excellency's opinions are of a more practical nature.

There is a certain space of ground set apart outside the Western gate at Tsinan for a foreign settlement, for which the Chinese have provided their own set of rules. These differ from the lines on which foreign settlements are usually held. The Chinese do all the road-making, policing, lighting, and other measures, according to their own rules. So far, the British Minister in Peking has always refused to accept these terms at any port or place, and the same has been the case at Tsinan. Some lots have, however, been taken up. The Deutsch-Asiatische Bank, the German Consulate, and a house for the Consul, are on Settlement ground. The British Consul, the branches of Arnhold, Karberg & Co., and Carlowitz & Co., and the missionary body are located in the city. The Japanese, whether merchants or professors at the University, and the three European professors at the same institution, are also quartered in the city. I may say that the relations between the officials and the missionary body seem to be very cordial. The people generally are courteous to a foreigner, and there is not only no anti-foreign feeling apparent, but there is on the other side



ON THE TAI-HU (LAKE), TSINAN.

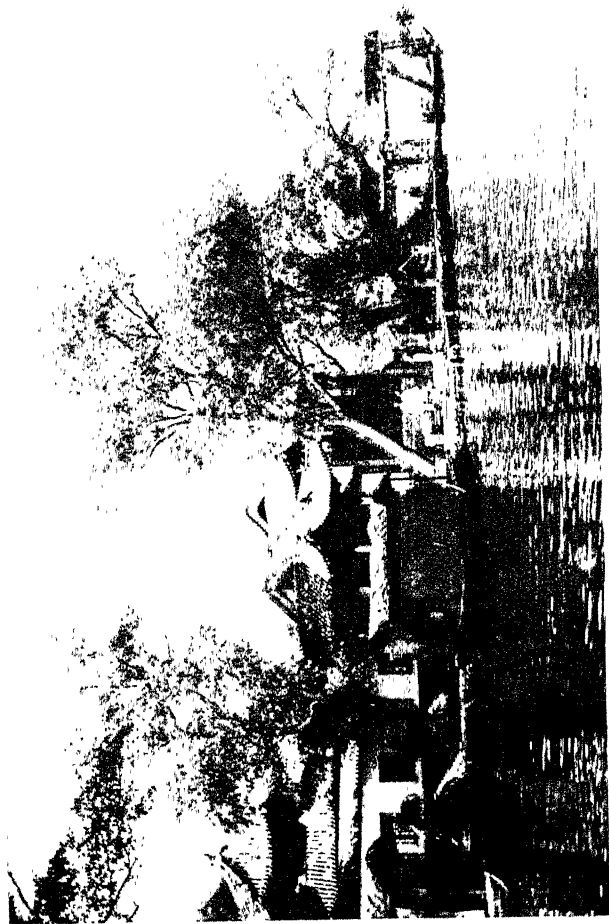
a keen desire to learn English, and, in a less intense form, German. The number of teachers is, however, quite inadequate. In the streets one saw a good many soldiers about, dressed in a summer uniform of khaki. The uniforms were comparatively new, but they were generally worn in a very slouchy manner. The men were physically a fine set, and a few smart drill sergeants would doubtless have turned the men out with a more trim appearance.

I have just noted the generally good relations that prevail between the officials and the missionary body. Certainly some share, and perhaps not exactly a small share, is due to the work of the English Baptist Mission. One of its members, Mr. Whitewright, is imbued with a good deal of practical sympathy with those amongst whom he is working. He has established a museum that is having a considerable educational effect on the general Chinese public of Tsinan, and many others who visit the city. Blessed with a fertile imagination, which exhibits itself along diagrammatic lines, he seeks by such means to demonstrate many things to the natives. That a considerable number of Chinese are thus reached is evident from the fact that close on a quarter of a million of people visited the museum in 1906, and that this figure was exceeded in 1907. Every visitor is certain to lead to others coming, whilst if he arrives from outside Tsinan-fu he will be able to spread marvellous tales of what he has seen when he returns to his town or village. The Chinese are like many other children of larger growth; they dearly love to "see wheels go round." If any are disposed to help Mr. Whitewright no better way could probably be found than the presentation of a few models, on the plan of those at South Kensington, where on pressing a button the figure is made to work. It would afford keen delight to a Chinaman, and at the same time have a certain, and considerable, educative effect. Mechanical appliances in action appeal to him.

Before leaving Tsinan-fu no visitor will omit to visit the Tai-hu, the lake that lies close up to the north wall

of the city. It is the great place of recreation for the wealthy. It was, at the season we visited it, covered with reeds interspersed with patches of lotus. The boats on which one makes the excursion along its canal channels are reminiscent of the flower boats of other Chinese cities. Here and there are islands with restaurants, whilst the Peking Temple, resting under the north wall, and the memorial temple to Li Hung-chang, afford excellent views, the one across the city and away to the southern hills, and the other of a near and charming aspect. It is a classic Chinese garden, with its rocks, water, bridge, trees, and other traditional surroundings. Attached to the memorial is a banqueting hall, where it is usual to hold big official entertainments. The lake constitutes a charming spot and a veritable *rus in urbe*. You turn straight out of a crowded Chinese street and find yourself face to face with rural surroundings.

Passing on to Chefoo one was impressed with the necessity of certain works being taken in hand, if the port was not to be much handicapped by its younger rival at Tsingtau. The railway has already had the effect of cutting largely into one of the staples of Chefoo trade. It is, of course, no very great business even if Tsingtau acquires the whole of the straw braid trade, but other lines may develop, and trade always attracts trade. Chefoo still has a very respectable amount of shipping passing through the port, and a considerable movement goes on under Inland Waters Regulations. The Pongee silk trade also continues to develop, and the demand bids fair to exceed the supply. If, however, Chefoo is to hold its own it will have to do something to set its house in order. What is first wanted is a railway that will run to Weih sien, and either connect there with the existing Shantung Railway Company or be continued as a competing line on to the capital, Tsinan-fu. His Excellency Yang, the Governor of the province, told me that the merchants were fully convinced of the necessity of such a line, and that he anticipated it would be taken in hand. The



ANOTHER VIEW ON THE TAI-HU IN NAN

Governor was, I think, a little optimistic as to this. The difficulty here, as in so many like cases, is mistrust between the officials and the merchants, and the difficulty one so constantly tumbles up against in China, viz., the want of capacity to run joint stock enterprises. Eminently successful merchants run large concerns of their own, because they are their own. When they come to joint stock enterprise the game is the same, and instead of playing in association it is for a lone hand. The result is a want of success, which you may observe almost anywhere in China from the number of wrecked enterprises. Though general opinion favoured the railway, there seemed no one or two to take the lead. Of course, with present views prevailing, even where no special anti-foreign bias may be shown, foreigners would not be welcomed.

The other great want which would be a corollary to the railway, and that its rival has likewise created, is proper harbour facilities. The need is frequently apparent when a blow is on, and the landing and shipping of cargo is interfered with or entirely arrested. As new means of communication are constructed trade must increase and leave room for both Chefoo and Tsingtau in the race. Shantung may not be a rich province, but it is not so poor as was generally believed up to only a few years ago. There are plenty of possibilities attaching to it that better means of transport should develop.

Of its near neighbour, Weihaiwei, little need be said. The uncertainty of the tenure and the absence of any definite pronouncement by the British Government respecting its future, prevent any display of enterprise when so much is left in the dark. Even if we have tied our hands in the matter of a railway to the hinterland by the declaration of our intention to refrain from the construction of such a line, there are some possibilities in the port itself, but they cannot be availed of under existing circumstances.

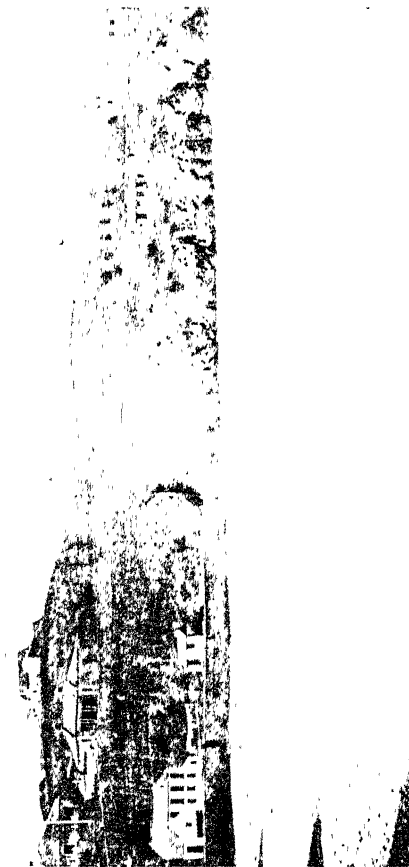
Eighteen hours' steam across the Gulf of Pechili brings

you from Chefoo to the mouth of the Peiho, or Haiho, 40 miles up which muddy stream takes you to the great port of Tientsin. Owing to river improvements, carried out by the Haiho Conservancy, you have again the option of getting from the Taku bar by one of two routes. If your steamer is too deep to cross the bar, and you are indisposed to await the lightering process, you can land in a tug at Tongku, and by means of the railway be at Tientsin in a little over an hour. Or, it is now again possible for a steamer to reach the Bund by reason of the work performed by the Haiho Conservancy. On arrival at Tientsin, by train, you are conscious of the growth of houses on that side, and of the fact that two steel bridges now connect the banks of the river in lieu of the time-honoured bridge of boats. The railway does not cross the stream, though the remains of the abutments for the bridge, that was removed by Chinese intrigue years ago, may yet be seen. Crossing the International Bridge opposite the railway station, you are immediately introduced to the marvellous development in house-building that has taken place within the last few years, whilst scaffolding and builders' materials are still about. On all sides an epidemic of red brick—sometimes a combination of the red and grey—seems to have broken out. The general growth has also led to an increase in professions and trades that is likewise remarkable. A drive around the German, the Japanese, the extra British and extra French concessions shows you miles of new roads, whilst hundreds of thousands of cubic yards of earth have gone to fill in ground to the necessary level of the older settlements. You note also the Racecourse Road is to be a favourite residential quarter in the future. The German settlement is given up almost entirely to private residences, forming a species of model garden suburb, with attractive villas of picturesque architecture. There is a fine monument to the men who lost their lives in 1900, set in a circus of ground that is only built on at present as regards one quadrant. The additions to both the British

and French concessions have likewise added to their rate roll, whilst more material development is provided in the shape of new godowns and pressing, packing, and other plant for dealing with the increased exports of the port. The fine road made by the Tientsin Provisional Government—which ruled Tientsin for a period after the Boxer outbreak—on the site of the demolished wall of the native city of Tientsin, now carries an electric tramway operated by a Belgian company. The other new iron bridge thrown across the river is near the Austrian Consulate, and across this bridge has been laid the lines for the tramway, which runs through the Austrian, Italian, and Russian concessions on the left bank of the river, to the Settlement Railway Station. The Japanese refused permission for the line to traverse their concession, but it is arranged that an electric line will also be laid down there. Some fine buildings and godowns are already erected on this concession, and considerable activity in the way of development may be witnessed. Its situation nearest to the Chinese city is a factor likely to be of assistance in fostering trade, and increasing the foothold that the smaller class of Japanese merchant is acquiring. Certainly the development to be seen is evidence of the expansive commercial spirit of Japan in China. The numbers of Japanese have greatly increased of late years. The Settlement itself is of considerable extent, and funds are being gradually provided by the Imperial Government to render the ground fit to be built on by being filled in, by making roads, and in other ways. The number of nationals who reside there is comparatively small in relation to the total numbers. The residue is largely in the other settlements, whilst many are located in the Chinese city. They have their own club, where ladies are admitted once a week. Other clubs and institutions testify to a fairly healthy condition of life in the Settlement. A primary school was projected, and in many ways Japan seems to be making a kind of model Settlement.

The Chinese have also not been behind in developments. The ball was set rolling for them in a very efficient way by the Tientsin Provisional Government. The roads are now a great improvement on the Tientsin of old, and the fine boulevard past the Viceroy's Yamên, leading out to the Native City Station on the railway, is a good piece of work. Tientsin in years gone by has been the point whence many of the changes that have been slowly wrought in China have had their radiating point. During the long Viceroyalty of Li Hung-chang, Tientsin shared with Shanghai the distinction of being a spot where the thin end of the wedge of change was driven into the ancient conservatism of China. The changes were not generally welcomed; the old type of Chinese looking on the innovations, and the introduction of things European, as being the imposition on the country of pushing and energetic races, whose methods of thought and style of living, whose ideas and habits, mental and physical, were entirely subversive of everything Chinese. This phase has passed for many places in China. Now Tientsin has increased its schools, and its desire for foreign knowledge and ways is only checked by occasional Chauvinism.

Though Tientsin is not the provincial capital, it is the home of the Viceroy for the greater part of the year. Paotingfu, the capital, is only for a limited time his residence. His Excellency, Yuan Shih-kai, who stands out as the one strong man in China, was the occupant of the Viceregal Yamên at the time of my visit. Those who have followed his career from the time when he was prominent in Söul at the outbreak of the war with Japan in 1894, have noted his rise with somewhat mixed feelings. On the whole foreigners have been impressed with him. He is a man of character, and often decisive in his actions, though with the system that prevails in Chinese officialdom he has naturally at times to sit on the fence. He had notably to do this in 1900 when Governor of Shantung. He decisively expelled Boxerism from that province,



SIGNAL HILL AND BEACH, CHEFCO

where it originally started. Had Li Hung-chang been in Chili it might have had the same fate there, and history been written in a very different way. Having done this, Yuan Shih-kai sat on the fence in Tsinan; always about to march to Peking, to help against the Legations and the foreign troops, his Excellency never went or sent his troops. For some few years he has come on fairly rapidly, and is now one of the strongest of the Grand Councillors at Peking, but his enemies have scored against him at times. Of the six divisions of foreign-drilled troops he created, four were removed from his jurisdiction, whilst impeachments against his *protégés* were numerous. His present position at Peking shows he has not lost much of his influence. He is a very busy man, a hard and conscientious worker, and also a successful worker. He is surrounded also by men who are used to work. His power will remain apparently, at least, as long as the Empress-Dowager survives. He is a comparatively young man (50), and though grown somewhat stout, it is to be hoped he has many energetic years yet before him. He ruled Tientsin effectively, if some of his methods are drastic from a Western point of view. Capital punishment for a comparatively insignificant theft seems a heavy penalty to pay. Yet robbery and theft were almost unknown in the native city. One of his *entourage* mentioned to me that if every house in Tientsin left its doors and windows open for three consecutive nights probably no more than three robberies would result. Decapitation was the lot of anyone caught, and the penalty was so heavy that few attempted it. His Excellency had withal got an effective police force. His police school is taken as a model for the Empire, and instructors are sent out from this establishment to all parts of the country. It would be too long to note what His Excellency attempted in many directions, but it may be mentioned that he recognised the value of education and the difficulties of disseminating it more widely amongst the people, whilst the labours of a scholar remain so

onerous. His Excellency hoped to devise an easy system of writing Chinese, so that common people might readily learn to read and write without the task that is now involved. It is suggested that by a species of Chinese Volapuk a knowledge of reading and writing may be brought within the possibilities of the lowest classes in the country. Such a work would indeed be of lasting benefit to China. In another way a decidedly forward move has been attempted in Tientsin; no less a scheme than a movement towards the constitution and representation of which all have heard. The attempt was in the way of municipal self-government, and the experiment is watched by foreigners with a good deal of interest, and certainly with sympathy.

With the improved condition of navigation in the river, the British Bund at Tientsin has regained its wonted appearance with the steamers again warped alongside. The cargo, of course, remains all along it and up the streets as before. It is indeed a familiar feature of Tientsin commercial life, whilst it brings good revenue to the Municipal treasury. The bar below at Taku still remains an obstacle, and presents a busy scene of tow-boats and lighters. Certainly a feature of the shipping life of Tientsin is the number of large ocean liners that one may see lying outside the bar. They do the trade now direct from European ports without transshipment at Shanghai. Not long ago it was probably only a large consignment of railway material, or some special goods that caused a main line steamer to go to Taku. Now Blue Funnel, China Mutual, P. and O., Glen, H.A.L., and German, French and American big liners may be seen. It is one of the indications that Tientsin now conducts its trade direct, and that it has divorced itself from Shanghai, which has hitherto acted as commercial god-parent to the northern port.

Tientsin must inevitably go ahead; its geographical position and the fact that it is almost the only outlet for so great an extent of country necessarily constitutes



COMMISSIONER'S HOUSE, WEIHAIWEL.

its future a bright one. It received a great impetus from the events of 1900, and the stress of shot and shell that it was placed under in that year has reacted greatly to its material welfare. If the sowing then was under strenuous circumstances, the reaping has indeed been abundant. The previous pace and the political situation have for the moment necessitated a slackening. Exports which have come on so much now await certain developments in the interior, the expansion of communications, and the collection of greater quantities of produce by the people. In the matter of exports what can be seen in many of the larger godowns in the concessions is really remarkable. The trade in skins, wool, bristles, horsehair, and furs, besides some minor articles, is enormous. The capital outlaid in presses and other machinery is very considerable, and many of the articles are now prepared for the European and American markets in a way that was not dreamed of before. They have become industries which employ a considerable force of native labour. Tientsin, in common with the rest of China, is still looking for products that will swell the export list. It sends its commodities as far away as the plains of Mongolia and the North-Western Provinces of China. With big indemnities to pay, and the charges on other loans for various purposes, China should foster her exports to the greatest degree. It was pointed out to me that one neglected source is the production of beetroot for sugar purposes. The plains of North China around Tientsin are believed to be peculiarly adapted for such a growth. The ground contains a good deal of alkali, which is suitable to such production. If this proves feasible it would naturally be of great assistance to China, whilst it would furnish Tientsin with another industry in the refinement of the product.

Whilst dealing with commerce, I may note that the Chinese are again attempting further regulations and exactions that hamper trade. This is practically true of all parts of the Empire. As soon, indeed, as one effort

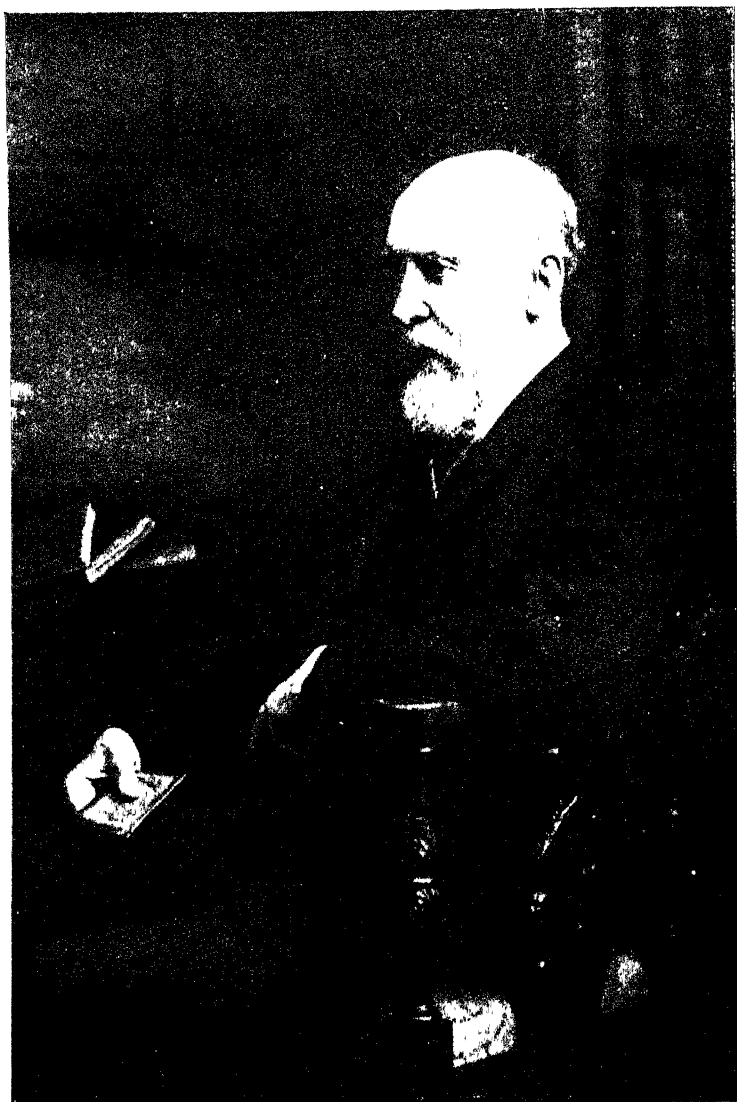
is frustrated, and you press the attempted exaction back into its place, it is sure to crop up in another way. It is encouragement from the Chinese point of view that should be extended to exports and not hindrances. To give one instance: much of the foreign trade of China is conducted by means of transit passes. A new regulation was sought to be enforced to have the name of the place where a transit pass, covering export cargo, is to be used, endorsed on the document. Hitherto only the Fu, or district, has sufficed to cover goods purchased within that area. Subsidiary collecting centres exist within, say, any one Fu, but it cannot be stated that produce can be obtained at any certain place within it in any particular year. One centre may have more goods in one season and less in another. The attempt does not seem to be within the treaties. Similarly, the quantity to be purchased at a particular place cannot be stated beforehand. There may be, owing to matters of season, much wool and hides in some parts of North-West China and very little at others. It would be merely a toss-up whether you had taken out the pass for the proper quantity for a particular locality in a certain season. Another difficult matter of fulfilment would be the specification of the exact nature of the goods on the pass. Some goods alter their nature *en route*. For instance, skins are often tanned between the original place of purchase and their arrival in Tientsin. It is known, for instance, that owing to certain properties in the water it is more favourable to tan goat skins at Kalgan, whilst lamb skins are similarly treated in passing through Shansi. It is not that any revenue is lost, for the dues on tanned skins on export are higher than on untanned, whilst the process cannot be carried out at Tientsin owing to impurities in the water. The tanning tends to preserve the skins during transit by steamer, and it can withal be performed more cheaply in China than at the foreign port of destination. A still greater hardship is attempted by seeking to impose a penalty for loss of quantity during

transit. Such losses occur in several ways. The Yellow River has many dangers, there is loss in handling and drying, and there are such dangers as robbery and theft. In a journey extending over several months discrepancies may easily occur in quantity. Confiscation of property, which was the threatened penalty, seems far too drastic under the circumstances.

Another provision that seems impossible of fulfilment is that goods under pass must reach the last barrier and pay the duty within six months of the issue of the pass. A pass issued in Tientsin may easily take by the most speedy route two months to reach the spot in the west or north-west of China, where it is to be operative. The camel train with the goods may easily take four to five months coming down. Indeed, the period that camel transport is feasible only extends for something over half the year, and it is nothing unusual for goods to get a certain distance one season and complete the journey during the next travelling season. Those who have experience of China in almost any capacity are aware that they are unaccustomed to any hustling methods. They are leisurely, and such a case as goods only getting half their journey done during one travelling season, and completing it the next, is of the most usual nature. Succeeding the proposed limit of six months for transit comes another that the produce shall be exported within twelve months of the time it paid the transit duty at the last barrier. How the various purchases that reach a merchant's godown are to be earmarked so as to be traced I cannot say. Let me take wool. It is collected in separate lots, each parcel containing, say, at least two qualities of wool. These have to be sorted, cleaned and packed. Besides, in the willowing process alone a considerable loss—sometimes from 25 per cent. up to 40 per cent.—in weight occurs. A good deal of Chinese "real estate" comes down with the wool, and the buyer in a foreign market has no desire either to pay for it or the freight occasioned by its shipment. The wool itself is

a very different commodity when it leaves the godown to its condition on entry. The two things are not recognisable for the same article, and quite impossible to be identified with the original pass. Besides, the condition of home markets has to be taken into account. If they are not favourable the produce is held in Tientsin, and may not be exported within the year.

Another flagrant attempt was to impose a tax on the issue of transit passes. This has been attempted several times. Recently it was sought to get the tax imposed in a rather worse form than before, inasmuch as it was attempted not only to tax the passes, but at the same time, by other regulations, to multiply the number of passes it was necessary to take out. It may be that the Chinese are not seeking to impose any regulations except for the purpose of preventing the sale of produce in transit, and, secondly, by ascertaining the locality to correctly apportion the tax due to the provincial officials. It should be pointed out that in most instances there is no demand except for the foreign market, and no inducement for sale ; to make it merchantable it has to reach a Treaty port. The proposed regulations would certainly hamper foreign trade, and be a loss to both foreigner and Chinese alike



John Gant.

CHAPTER X.

PEKING AND ITS POLITICS.

Position that Nobody Knows—Empress Dowager—Health of Emperor—Possible Political Dangers—China always in Trouble—Need of Official Reform—The Customs Edict—Imperial Maritime Customs—Clean-handed Administration—The Inspector-General—Sir Robert Hart's work—The Service Generally—Chinese desire to Capture it—The "Reform" Movement—Currency—International Aspect—Relations of China and Japan—Legation Quarter—Material Progress in Peking.

It needs a hardiness, possessed by few persons, to hazard a pronounced opinion on the present state of Peking politics. Everything you can assert can be so readily controverted; then reasserted in a different way, and quite as easily demolished by a different set of arguments. If I might venture on one definite statement it would be to adopt the words of the oldest and most able of the foreign residents of Peking, and declare boldly that "nobody knows." This, in truth, sums up the position so far as the foreigner can penetrate it, and, possibly, with all the upheavals that have transpired during the last eighteen months at the capital, it also represents the Chinese dictum. The strongest have been impeached and moved on; censors denounce, and though told that they have been over-zealous (to save the face of someone who was big enough not to have it scratched), their zeal is applauded, and they are bidden to go on and repeat the offence; Chu Hung-chi, the old, and until a year ago the most powerful, man in the Grand Council, is retired to his own province; Tsen Chun-

hsuan, called to be President of the Board of Communications, takes up his post and begins by discharging the Vice-President, and denouncing wholesale, fluttering the dovescotes all round the place. By the way, many of the men he upset were Hunanese, and they returned to Changsha, there to be a thorn in the side of his (Tsen's) own brother, who was Governor of the province. After doing all this he is himself sent back to be Viceroy at Canton, whether as the result of his enemies combining and getting him out of the way, or because the Empress-Dowager has faith in him, and wanted a strong man at Canton to keep the turbulent Liang Kwang in order, cannot be definitely asserted. Anyway, his Excellency got to Shanghai, and then refused to go further south, pleading sickness (the onlooker must take it to be of the diplomatic order). So the whole matter proceeds, and it may well bewilder the boldest in his effort to forecast. One can therefore only state some facts, other possibilities, with here and there an inference. One of my English-speaking Chinese friends, when discussing progress in China—actual and possible—always returned to the perfectly true statement that the keynote of all Chinese reform must be the reform of the Mandarinate. The subject is so vast that the more one sees of it, and the more one moves about the country, the more one is impressed with the greatness of the project, and, alas, the firm conviction comes that it is unattainable within one's own lifetime. Nevertheless, it will have to be steadily persevered with, and if its growth is slow it will, we may hope, be the more sure. To make the great world of bureaucracy surrender the privileges it has acquired and held for centuries will be a Cyclopean task.

The present time is necessarily a very interesting moment, inasmuch as there is any one of four great events that may plunge the capital into considerable uneasiness. These possible events are the demise of the Empress-Dowager, who is now well over seventy years; a like occurrence to the Emperor, who is reported

in only moderate health, though still comparatively a young man; then there is the contingency of the death of either Prince Ching, whose exact power cannot very well be gauged, and that of Grand Councillor Yuan Shih-kai, the only strong man in the Government outside the Empress, and a man who stands out prominently in the world of Chinese bureaucracy. I might add the ever-present dangers of famine, the rise of a possible leader for the anti-Manchu party, and the dangers surrounding the returned students, with their undigested and often limited knowledge of affairs generally, and particularly of what is best for the circumstances of China itself. It does not necessarily follow that the train of events succeeding any of the possibilities I have mentioned would betoken an anti-foreign attitude, though there is ever present the chance that the foreigner would either by accident or design be swept into the possible vortex. A greater possible element of danger seems to exist in the fact that—the Emperor having no children—the appointment of an heir-apparent seems always to be put off. The inference seems to be that there is fear to appoint anyone because of anticipated trouble amongst the Imperial clan. The family whose scion may be selected is certainly likely to have trouble, whilst there is the probability that the Oriental methods of intrigue and murder would be let loose. One does not like to be in the least degree alarmist without due cause, but the position can at any time be such as may again lead to foreign interference, and, despite the terms of the Anglo-Japanese Alliance anent the integrity of China (of which fact the latter country takes so great advantage at the present time), there may conceivably be a position arise that will again lead to a recrudescence of such terms as leases, spheres of influence and protectorates. We can only hope that the common sense of the Chancellries of Europe will be exercised and that the European Concert may play in tune, for a common hand, and not each for itself.

Though recent actions have involved considerable

changes, events are scarcely as reactionary as were those which commenced in August, 1906. It is at least certain that many of the Imperial Edicts of the last eighteen months *re* impeachments which brought down Prince Tsai Chun, the son of Prince Ching, Chu Pao-fai and Tuan, are weak in themselves and show considerable vacillation. At the moment conservatism was on top. If I may hazard an opinion. China, it seems very feasible, will advance greatly by reaction to reaction. This may come from below, and many competent observers look for it there, and not from above, though the reaction recently in force has been exhibited in high quarters. The returning students are a constantly increasing power, and it may be that the reaction from below may spring from them. Many of the hundreds now studying in Europe and America may become available for the increase of the teaching staff of the Empire, that so badly needs recruiting, and their influence be for the common good, but one never knows exactly what is going to be the future of the half-educated thousands who return from Japan. The Empress-Dowager may admit that "as a result of its antiquated system, China is always in trouble," but the arrogance of the governing class does not lead towards the heights attained by Japan. They admit those heights, but they despise the necessary study to assimilate the Western knowledge that Japan patiently acquired, as much as they still despise Japan for having pursued that course. "China for the Chinese" is a perfectly justifiable cry, provided it is not used to upset treaties and Imperial Edicts, or to be the watchword of any anti-foreign movement. The saying should mean a China prosperous and contented by means of a capable Government, administering the country honestly and efficiently ; it would mean also a China developed along scientific lines, so that her present wealth should be greatly increased. China, it has been truly asserted, needs the bracing support and stimulus that the reform of the official classes, the development of her resources, and the

extension of her railways would give her. There are, alas, few signs of such a meaning attaching to the cry I have quoted ; rather is it used in the sense of curtailment of privileges already granted to foreigners, and of the refusal to add to them. We must trust this is only a passing phase, but history and common observation scarcely lead one to anticipate that this is so. There is no doubt that the popularity of the foreigner does not increase.

The boldest attempt to grasp what China considers her own, though she has exhibited none of the necessary official clean-handedness to conduct such a service, was that made respecting the Customs Administration in May, 1906. What was done in the diplomatic way, or not done, as many would state it, is matter of the past. The Imperial Edict stands, and the Chinese may find later that in maintaining so strenuously the inviolability of an edict, they have left behind a legacy that will not be an unmixed blessing. If the Customs Edict has not, however, been rendered nugatory, it has seemingly not been the means of carrying out all the Chinese intended. Interference in the actual working of the Customs Administration may not be in force, but the new Board has been constituted *vice* the supervision hitherto given by the Foreign Office, and the Inspector-General has a weekly interview with the Commissioners for the discussion of affairs relating to the Maritime Customs Department and its many-sided works. And here one may be permitted a slight digression to note again the excellent work that has been, and is at present, performed by the Administration. For decades, numbering nearly half a century of years, it has been the one bright spot in honest administration in China—an object-lesson in probity and efficiency. A Chinese exotic, in the person of the Viceroy Chang Chih-tung, may be clean-handed and poor to the day of his death, but beyond the kind of platonic praise that comes to him for his own honesty his influence achieves nothing. He may or may not—in all probability it is the latter—be able to restrain his

entourage ; on transfer his successor doubtless carries on the custom that ages has sanctioned if not sanctified. The Imperial Maritime Customs remains the one clean-handed office of the Empire, and the funds it now collects are so considerable as to have excited attention. Under the Inspector-General it has maintained its purity amidst the foulness of Chinese officialism. Sir Robert Hart may be advancing in years and become more feeble-bodied, but his mind remained as active as ever, up to the time he left Peking on leave in the spring of this year, in the direction of a service which has secured the admiration of the whole world. He has himself been decorated by probably every crowned head in the world, but his own work will live long after the memory of the honours that it has brought to him. The very fact of the excellent work that has been performed has led to the administration being made the object of attack.

The departure of Sir Robert Hart from Peking, even though it prove only for a year's leave—the usual leave of two years granted to European officials of the Imperial Maritime Customs staff having been refused by Her Majesty the Empress-Dowager—was an event of great interest to all in Peking, or China, who have any concerns with that vast Empire. Hâ *Kung-pao* has been a power in the land, whether his remarkable career is looked at from the Chinese or the foreign point of view. His position made him, as has been truly said, “the permanent trustee of foreign interests in China” ; but he was much more than that. He was not merely the successor of Mr. Wade and Mr. Horatio Nelson Lay in the successful experiment that was the outcome of the Taiping Rebellion, an experiment commenced at Shanghai, then extended to the other Treaty Ports. He became the guide and mentor of the Chinese Government in their dealings with foreigners. No other European in modern times has had the same trust reposed in him.

For many years he was the acknowledged intermediary between Western nations and the Chinese Government

even to the making of treaties of peace, for it was his negotiations in Peking, seconded by the able work of one of his Commissioners in Paris—the late Mr. J. D. Campbell, C.M.G.—that terminated the “reprisals” with France in 1885. Earlier in 1876 at the signature of the Chefoo Convention, and in many a later document, his hand could be traced. It was he, again, who came to the rescue, arranged the matter with the allied generals in 1900, and saved the situation. “As a very clever Chinese gentleman once remarked to me,” records his niece, Miss Juliet Bredon, “‘All great men are optimists, and in the black days after 1900 Sir Robert Hart was the greatest optimist we had.’” His counsel has saved them from many a blunder, or partially retrieved them from a false step. By a delicate and judicious manipulation of the questions before him Sir Robert was able, by native suavity and adaptability, to overcome nearly all obstacles, and to make himself as trusted by Chinese as by foreigners.

It may be noted that Sir Robert’s long service has been contemporaneous with the *régime* of the Empress-Dowager. We have also had reports of her resignation of active work, but with the succession still unsettled her Majesty did not carry out what was announced as her intention to resign at last New Year. That the Chinese have appreciated the “I.-G.’s” services has been amply shown by the honours and distinctions they have bestowed on him; by his appointment as a guardian to the Heir Apparent; and by ennobling his ancestors for three generations—a singularly distinguished conferment.

What the Chinese have ever had before their eyes has been the possible constitution of an *imperium in imperio*, yet never a breath of suspicion has ever been thrown on the “I.-G.’s” entire loyalty to those whose salt he ate. It was this fear, it may be recalled, that caused the dismissal of Lay and Sherard Osborn.

In noting the conduct of the magnificent service he

built up, we may adopt a line from the pen of Mr. H. B. Morse, the recent Statistical Secretary of the Chinese Customs, who correctly asserts that Sir Robert's "rule has been a benevolent despotism, tempered at times by Legation representations." He brought wonderful qualities to his task, and he stuck to that task in a most indomitable way. He was practically always at his post at Peking. Amidst an atmosphere of stagnation and corruption, the Imperial Maritime Customs grew to be a shining example of official honesty, promptitude, and just treatment; an abiding object lesson in a land rotten with mismanagement. Yet he loved that land, and the people he served so well, ardently and devotedly. If there may be some waverings and a lack of that discrimination which was one of his strong characteristics in "These from the land of Sinim," his advocacy came from the heart.

The service he joined in 1858 comprised only a handful of foreigners and Chinese. The last Service List shows a *role* of close on 12,000 employés, of whom 10,600 were Chinese and 1400 foreigners. They are divided amongst the four departments of Revenue, Marine, Educational, and Postal. Of the view taken of the Service by its Chief I may well quote the words of Sir Robert at the banquet tendered him on his return home by the China Association:—"During the fifty years or more that the Inspectorate has existed—and this year, I may say, is the jubilee year of the foundation of the service in 1858—during those fifty years the Inspectorate has given its best service both to the public and to the Chinese Government, and it has prepared the way and laid the foundations for much that is being done at the present time."

The "Reform" movement, as it is viewed from within Government circles in Peking, found its first great move in the famous Customs Edict of May 10th, 1906. Whether the fact of a foreigner being at the head of the Service led to the attack cannot be determined, but

most people inclined to the idea it was the large revenue—honestly collected—that was the object in view. Doubtless the fact that the Service employed numerous foreigners may have been repugnant to those whose cry was “China for the Chinese.” The ordinary foreigner looking on was inclined to think that in so far as the Customs was concerned it was the alluring prospect of being able to handle the millions of taels that found their way into the Customs coffers ; besides, vast opportunities of serving the great god of squeeze-pidgin were, so to say, being allowed to run to waste. The plea was also put forward that Chinese employés in the Customs should also be given more responsible posts in the administration. This was undoubtedly the early idea when the Service was formed. But Chinese are themselves largely to blame in the matter. They undoubtedly have the ability for the work, but they have not shown the probity that is a synonym for their commercial brothers. An attempt is now being made again to promote Chinese to higher posts, and to bring on some of the younger men to fill them. It remains to be seen whether in this instance the leopard will change his spots, or that deeply-rooted and ingrained squeeze will prevail as of yore. The system is indeed not wrong in Chinese eyes, and it is there that much of the danger is. For if it is once admitted as part of the system, its ramifications would ere long be as extensive, and as pernicious, as they are in every other Government Department. We know, of course, that by Edicts in 1898 and 1899 the administration of the Customs shall remain as then constituted so long as any portion of the loans contracted under these powers remains unpaid. Those loans run for nearly thirty years yet, and we must hold the Chinese to their own declaration that an Edict once issued must remain. But China has sought to drive a wedge in the best and most solid financial block that exists in the Empire ; and she will require constant watching that this wedge is not knocked in further. It is for her own

good that while she is groping for administrative salvation her best financial asset should be in hands that deal with it cleanly. One may hope, for her own welfare, that the school founded for the training of suitable students for Customs work may be the means of imbuing them also with the same spirit as has permeated the foreigners in the service.

That there is an abundant number of Chinese as mentally capable of carrying out the routine of the Service as are the highly-paid foreigners will be conceded by all. Yet foreigners have to be employed in the junior branches to do merely routine work. Any Commissioner in the Service could have the work of his assistants as well performed by Chinese as it now is by foreigners, if the same degree of probity could be secured in the former case as in the latter. But the difference is that the foreigner acts with perfect impartiality, whereas the Chinese assistant would be the prey of his relatives or friends in assessing duty, appraising seizures, or the other details of everyday office work. No matter how honest the individual Chinaman might be, he would have to submit to the "system," or his peace of mind would be sorely tried. If he refused to act according to the recognised rules, he would assuredly get into trouble with his relatives and friends, who would find means of getting him into more severe trouble with his superiors, leading probably to dismissal. Under these circumstances the difficulty seems insurmountable until the reform of the Mandarinate, of which I have before spoken, is brought about.

That reform largely means financial reform, for if Confucian texts are to give place to mathematics and the various logics, whilst principles of common law are to be applied in place of the bamboo and the cangue, it is above all financial and fiscal reform that must be put into the foreground. But assuredly much time will be needed before such measures can be brought about. The army, a Constitution, judicial reform, and other

matters are vicariously taken in hand, but the fiscal is above all. China is not a raw new country in a backward state. She was a highly developed entity at the time when most of Europe was in little more than a state of semi-barbarism. The West has since far outstripped the East in mechanical appliances, and in most methods of administration. More especially is this the case in financial reform. We must look for slow development in China, though her capacity for material progress would be prodigious were the actual funds now collected by the governing powers honestly administered. What can be accomplished in even a short time was graphically shown by the Tientsin Provisional Government. With a tenure to be reckoned not by years but by months, it left a proud record of works achieved, whilst it handed over to the native authorities, on again coming into their own, a sum of, I believe, something like 180,000 taels. And this was the outcome of merely levying the same taxes as under native administration, whilst possibly more evasion was practised than under normal times. Simultaneously a greater sum was spent in the public interest.

One of the most urgent matters relates to currency. With all their astuteness in the handling of money the Chinese generally fail to appreciate such treatises as Professor Jenks read to them. At least, when men of the rank of the Viceroy Chang Chih-tung write such childish effusions as his reply to the proposals for currency reform and the introduction of a gold standard, we must expect that a majority of officialdom has not the least conception of the intricacies of the matter. And such is doubtless the case. Advanced officials like his Excellency Tong Shao-yi will tell you that China will certainly go on to a gold standard. This, by the way, would not be a precedent. China, at one time or another, has done most things during her long history, and she had a gold currency at one period as she had bank notes, or their equivalent, before we in the West had arrived at

such credit-agency documents. It is not my purpose here to state how China would attain to a gold standard. It has been all clearly set forth by Professor Jenks and others. Nor do I propose to note the difficulties that would doubtless be raised by the powerful Shansi and other bankers' Guilds, or the fact that where we usually have to deal only with exchanges as regards one country with another, in China you have exchanges, not only between province and province and city and city, but between town and town, and even hamlet and hamlet. The fact is, that by the Mackay Treaty—which is now the register of as many failures of the foreigner in China as any other single Treaty document can boast of—China pledged herself then (1902) “to provide for a uniform national coinage which shall be legal tender in payment of all duties, taxes, and other obligations throughout the Empire.” Well, six years later she has done nothing in this direction; not even has she yet determined what the denomination or weight or fineness of the unit coin shall be. At one time it is the dollar, at another one of the numerous taels (a weight) current throughout different parts of the land. What she has achieved so far has been to flood the country with hundreds of millions of 10 cash pieces, the intrinsic value of which is about one-half the nominal value. Provincial mints everywhere—sometimes more than one in a province—have turned them out as fast as the machinery could be made to revolve. But even here there was no uniformity. The mints are now closed, but they had done their evil work, and the resultant profit had not been turned to any beneficial account for the public good.

Regarding the international aspect, the result of the events of 1900, added to the Anglo-Japanese Alliance, and the outcome of the war between Russia and Japan had the effect of remodelling the diplomatic forces in the Far East, as they are at Peking. The first had the effect of placing all the Powers on a common ground as against China, but they were still ready, each for himself, to

play his own hand as opportunity offered. The second fact terminated depredations at China's expense, and prevented any more corners being knocked off the cumbrous giant, whose feet of clay were being slowly vivified. The third fact has changed China herself, and, added to the security that was granted her by the second, has led her into the impossible—the *non-possumus*—attitude that she has adopted for a year or two. There are indications that this has passed, but during its prevalence it rendered any business very difficult at Peking, even where sanction was already registered in the form of an Imperial Edict. All were treated alike, and the effect was to bring the various foreigners of all nationalities together—in short, a partial return to the old days when there were practically only two parties—the Chinese being on one side and all foreigners on the other. There seems to be a greater community of interests on the foreign side now than has existed for a long time past. In earlier days the gain by one Minister was the gain of all, and was so considered. It is in no narrow spirit that one hopes in this condition of affairs that the British Minister may regain the lead that was Great Britain's in former days, and that her position in the Far East would justify at the present time. The lead would not be used in the way that prevailed, say, ten years ago, but under favoured nation clauses all would benefit on the broad lines of policy. In her present Minister, Great Britain has an excellent, hard-working, and energetic official, who does not allow work to accumulate within the precincts of the Legation, nor fail duly to remind the Wai-wu-pu, at stated and proper intervals, that certain matters had not been adjusted within a period that even Chinese could not consider as savouring of undue haste. Sir John Jordan's hands will, doubtless, be full for the next few years, a remark that applies to all the foreign Ministers. The coming years must be highly interesting ones in the history of China. The vast country is on the threshold of unknown things that she only blindly

feels and has not the power to control along a settled line of policy having a distinct aim and end.

One of the most interesting phases is certainly the relations subsisting between China and Japan, which have decidedly not been cordial of late. Incidentally, I may note, one now hears nothing of that alliance between the two yellow races that was to produce a *débâcle* in the West. The fact that, by her successful war with Russia, Japan freed China of an incubus has met with no symptoms of gratitude on the part of the country that was saved. No such sentiments were displayed when Baron Komura passed on to Peking to make the new agreement with China, complementary to the Treaty of Portsmouth. Nor, as time has gone on, has China shown any disposition to be grateful for the position she is now in as a result of Japan's successful war. Rather has a contrary manifestation taken place. China has stiffened her back on nearly every occasion, as she has again shown in the negotiations arising out of the recent seizure of the *Tatsu Maru* in the neighbourhood of Macao. At present the conditions and interests of the two nations seem to be widely different, and the *rapprochement* so desired by Japan is delayed, seemingly, by the sheer force of necessity. Japanese writers are given to asserting that lack of tact in their country's diplomacy has contributed considerably to bring about the present position, and they ask what should be done under the circumstances. Japan will insist apparently on the rights secured to her by treaties, and bide the time when a change of opinion in her neighbour will render a reasonable solution of pending problems probable. But if China is in a very *entêté* mood, Japan in her own interests will be wise to treat the questions tactfully, and not in every case insist on the full measure being meted out. For instance, in the Fakumên Railway dispute, she may be quite right, but she may, possibly has, jeopardised her own interests in a way that will react more powerfully than allowing the construction of half-a-dozen Fakumên

lines. Chinese conduct, by the way, singularly contrasts with the humiliated posture and the avowed powerlessness of the Government in regard to foreigners during 1895-1900, and if they act thus towards the country whose numerous fleet and formidable army are nearly at the doors of Peking, one can judge of their attitude to the Western Powers. The Chinese do not dissimulate their ideal at all, which is to take back from Europeans all the concessions accorded, and to exploit their empire themselves. The regulations render all mining enterprise practically impossible to foreigners. China thinks herself able to accomplish in a day what Japan has taken half a century to accomplish. The prejudices of Old and Young China, opposed on some points, converge towards a narrow nationalism, a hostility to foreigners which is an obstacle to every serious work of reform and of transformation. It is to be hoped the greater reasonableness shown since Yuan Shih-kai and Liang Tun-yen joined the Foreign Office will continue, for if Western nations show her much forbearance, it may not, perhaps, be the same with Japan. Many are willing to be China's friends if she will be a friend to herself.

Some few words should be added respecting the present material position of the Chinese capital—more especially, of course, as it is to be seen in the Legation quarter. A new Peking has arisen in this corner since the tragic events of 1900. The railway route to the capital had existed for some time prior to then, obviating the discomforts and fatigues of a land or water journey from Tientsin. But the station then was some distance away at Ma-chia-pu, whence an electric tram, and then a ricksha, took you to your destination, which was probably not far from the situation of the Legations. Now you are taken to a station within the Chinese city, just outside the Chien-mên, the main southern gate of the Tartar city, and a road traverses the historic spot of the water gate, by which the first troops entered the Tartar city on the occasion of the relief of the Legations in

August, 1900. The canal itself has had its parapet repaired, and a bridge constructed over it just within the wall. The railway station nestles immediately under the wall of the Tartar city, and a few yards' walk brings you through the water gate to the modern foreign Hotel des Wagons Lits facing the canal, and cornering on Legation Street. Visitors now may see a Peking so different from what it was that former descriptions must seem like "travellers' tales." The roads are such as were undreamed of ten years ago, and neither mules nor human beings now get drowned in the streets in the rainy season. Rickshas have largely replaced the hansom cab of Peking—the cumbersome, uncomfortable springless cart, of the capacity of a good-sized dog-kennel. Electric light is general; indeed, Peking is now the possessor of many things classed as modern comforts. But it is an anomalous Peking. That the position is so is perhaps not extraordinary when you remember it is China, and that the more things may change there the more they often remain the same thing. The anomaly to attract the greatest attention is the fortified Legation area. Whether seen from the road level or from the ancient wall it is pure exotic. The erstwhile yamêns and Chinese style of buildings that formerly did duty for the Legations, and other resident foreigners, have given place largely to foreign two or three-storey buildings. The superficial extent of many of the Legations is often very great, the largest of all being the British Legation. With the addition of a large part of the former Mongol market, of the Carriage Park, and of the Hanlin grounds, it now extends to thirty-five acres. Others have done much the same, and have generally rebuilt. Only the British, the German, and the Japanese Legations as regards buildings seem to remain more or less as before. To great and wealthy Powers the upkeep of the new mansions will not weigh at all, but some of the smaller Powers must in time find the expense very great when the indemnity money has run off. Powers whose trade with

China amounts to only a few hundreds of pounds a year have Legations that must cost thousands to maintain. By the way, as these constructions have largely been the work of Chinese contractors, no inconsiderable sum of the indemnity money has been disbursed to workmen in Peking. Of other buildings the most striking is certainly the Hong Kong and Shanghai Bank building, with its clock tower and four-faced chiming clock. At the other (western) end of Legation Street, the Deutsch-Asiatische Bank was just completing handsome new premises, whilst the Yokohama Specie Bank was to build on a corner of the Japanese Legation ground, at the angle made by Legation Street and the canal. By the way, Peking has now no less than five foreign banks. In addition to the three I have mentioned, the Russo-Chinese Bank and the Banque de l'Indo-Chine also have branches at the capital. Towering above all is the Marconi mast at the Italian Legation, with its wireless apparatus for communicating with the coast, and another system to Tientsin, and there are the foreign guards of all nationalities doing sentry duty all over the Legation area also to warn you of the anomalous position. The total of all the guards is not now a large one. The outlook may be uncertain, but as the guards are scarcely a guard from the strength point of view, there are several who, like the United States Minister, frankly advocate their withdrawal. They certainly emphasise the fact that the West is still in Peking now, as it ever has been for nearly half a century, only on sufferance. Outside Legation area is the Ketteler Memorial Monument—a fine granite *pavilo* stretching across the Hatamên Street, marking the site where the unfortunate German Envoy was murdered. The ignorant Chinaman has, however, his own interpretation of the monument. He believes it is to the man who killed the Minister!

Apart from the Legation quarter, whether in the Chinese or the Tartar city, much has been changed during the last few years. The most striking features are the

macadam roads, with an occasional steam roller doing its work. There are boulevards with trees at the sides, in some instances. Carriages are seen everywhere with officials, and even native ladies, driving about. The chair has largely disappeared, but the cart still remains, though, except as a private conveyance, it is not allowed, with its knife-like narrow tyres, to use the metalled roads. The police on these roads have also greatly improved. They are neatly uniformed and apparently efficient. They have been trained chiefly by men from the school for police maintained by the Viceroy at Tientsin. They are to be seen on their beats and efficiently directing the traffic, instead of spending their time as terrors to the people. I am informed that any attempts at blackmail are drastically dealt with, and that the men are regularly and properly paid, which takes away much incentive for evil. Of striking foreign style buildings outside the fortified area, one must certainly note the hospitals and particularly the French and the Lockhart memorial buildings.

Whether it be on sufferance—and possibly it is only so—or from other reasons, one can now again visit such places as the Temple of Heaven and the Lama Temple, which for nearly twenty years prior to 1900 had been well-nigh impossible for a foreigner to see. Little or no difficulty is now experienced in getting admission to them. Some “bits of old China” still prevail in the capital in the side lanes, but even there it is not all as bad as before. The altered conditions have also brought Japanese and other hotels, billiard saloons and grog shops just outside the Legation area. The old-world time aspect still clings to the Wai-wu-pu, ex-Tsung-li Yamên, but is to give way shortly to a new building on the other side of the street. Its construction is entrusted to Mr. C. D. Jameson, who has for some time acted as engineer to the Foreign Office. Morally it is hoped the influence of Sir Walter Hillier, the new Adviser, will achieve much.

The most remarkable change in the native city is,

however, the revolution in the matter of decency and public order in the streets. The objectionable habits that were publicly indulged in are entirely discontinued, and where cases do occur the delinquents are dealt with pretty heavily. The hawkers and vendors of nearly all classes have likewise been swept off the streets, whilst markets have been established at convenient centres. The Chinese have certainly done much in the last few years, and have done it by themselves and not at foreign instigation. It was even said that they contemplated regulating the eternal trade, by the establishment of a Yoshiwara in the Chinese city, under medical inspection, on the most up-to-date Japanese lines. It is certain that the wave of desire for foreign knowledge of all kinds has led to their adopting much of foreign ways and methods, though beneath you will see much as it has always existed. The student wears foreign uniform—khaki being greatly predominant—and invariably the peaked cap, which has caught on prodigiously all the way from Canton in the south to the capital in the north. Straw hats of foreign style have also largely replaced the spreading and often picturesque native summer hat. If I note that bicycles are apparently greatly in favour, I shall have called attention to some of the changes that are altering the Peking that was so quaint and picturesque in earlier years.

CHAPTER XI.

THE NEW SPIRIT IN CHINA.—OPIUM.

Revolutionary Ideas—Chinese Constitution—Possible Internal Disturbance—Japanese Influence—The Vernacular Press—Instant Trouble not Expected—The Opium Edicts—China's Resolve in the Matter—Popular Sentiment—Different Action in the Provinces—Spirit of 1906 Edict still Exists—Reduction of Growth—Effect of Edicts on Treaty Ports—Morphia Injection—Japanese Want of Action—Smuggling of Morphia—Judgment must be Suspended.

THAT China is going through a curious period in her history will be patent to all who have followed recent movements in that country. The general desire for progressive reforms is manifest in many parts of the Empire, and has caused ripples to appear in the most conservative and stagnant of Chinese ponds. Struggles between old China and the progressive parties within her gates have been frequent and bitter, and their intensity grows rather than diminishes. China is indeed developing ulcers in many places, as the risings in several parts of the country have shown, as well as such acts as the murder of the Governor of Anhui at Nganking in July, 1907. We have constantly seen these risings and troubles in years gone by; but, as someone has said, China, like the giant who was a little unwell, is so huge that she, like the big man, may be generally said to be in pretty good health whilst she has a rising in one province and a famine in another. The new movement is, however, apparent in many parts of the country, and though the scheme of a Constitution is ill-comprehended by the bulk of the population, the spirit of reform and greater political freedom is abroad in many places. The regulations for

the Constitution may be propounded, but only a limited few grasp them; it is only a small proportion of China's many millions that grasps the idea, and then it is generally of a hazy and ill-digested order. There is probably not one-tenth of one per cent. of China's population that has ever heard of a Constitutional Government, or what is comprised in such a statement. The village magistrate is to the ordinary man the personification of government; this might be founded on a Constitution, or might not, for all he knows or cares. There is a vast field for reforms in China, and if something more was attempted along lines that China has often been well-advised to follow, the Constitution might take care of itself. That it can be achieved in a reasonable number of years from the time of the famous Edict of the autumn of 1906 seems very doubtful indeed. Instead of reform and progress a strong reactionary spirit set in the following spring. Indictments and official changes showed that the reform party had received a serious set back. This is probably partly due to moving too fast, and partly due to its being too much influenced by a Cantonese clique. The members may be quite sincere in their cry of "China for the Chinese," but in some instances this has meant China for the Cantonese. This was succeeded by another reactionary move to the recent reaction, *i.e.*, reform still more headlong and ill-conceived, or possibly revolution. As a correspondent has pointed out to me: "Dame Partington cannot sweep back the tides of the ocean, and the schoolmaster is abroad in China."

The various movements now in progress throughout the country would appear to have their origin in different springs. Some are based on a genuine wish that China may move forward. Others are purely anti-dynastic, and show themselves in such ways as rebellion, and the assassination of En Ming, the Governor of Anhui. There is, fortunately, so far, no manifestation of anti-foreign spirit. Placards at times are virulent in tone, and call on the Han race to unite and displace the Manchu power.

They are termed the worst of foreign intruders into China proper. The placards are seldom anti-foreign, however, in its usual acceptance. If revolutionaries should perchance succeed in turning out the Ta Tsing dynasty, what will befall will probably be worse than the present. Without leaders, or with each leader fighting for his own hand, chaos would reign, and sooner or later there would be trouble with foreign Powers, leading to a possible recrudescence of the scramble for provinces that opened ten years ago, and has been allayed since by the Anglo-Japanese Alliance which was the first of the instruments to guarantee the integrity of China. If these revolutionary firebrands had their way the country would be plunged into convulsions that would, there can be little doubt, lead to foreign intervention. If Chinese revolutionaries proceed the way here indicated, they would not have the men to carry the programme through in face of her international position, and foreigners would perforce come on the scene. Internal disturbance must mean the seed of foreign aggression. Much of China is, as it were, earmarked, but there would assuredly be much trouble, possibly of an acute order, over the province of Chili.

I most fervently trust that the revolutionary party, in their blind hatred of the present dynasty, will see in time whither their actions are likely to lead their country. Many point to Japan and the position she has achieved. The analogy is entirely false. The condition of Japan, her foreign relations, and the characteristics of the people are entirely different—and were so at the time of the restoration in 1868—from what one sees prevailing in China at the present time. It is to be hoped that this point will be well noted, and not be used as an incentive by the active party. In writing on the condition of politics in Peking I have noted the strong Chinese feeling to oust the dynasty. Pamphlets subversive of the Manchus are spread about in a scarcely veiled manner, and can be obtained by all who would have them. The atmosphere is charged with a kind of electrical feeling that a

vague something is coming. No one can define this sentiment or exactly interpret its significance. All admit it is likely to be an interesting period during the next few years, but none dares to hazard speculation on the outcome of the future. One authority will tell you that Japan is the Power to be feared, that she is laying her plans all over, so as to grasp China when the time comes. Certainly in trade and commerce she is very active, and her resident nationals increase in no mean way. But politically she is not doing great things, and financially she is disinclined at present to do more than consolidate what has come to her as the result of the war. From China she receives no love, but she does obtain a certain amount of fear and respect, totally unaccompanied by any feeling of gratitude.

Chinese journalism, which is young and displays many of the vagaries of youth, is mainly on the revolutionary side. It is a wonderful product of only a few years' growth. It shares with the telegraph and the railway the distinction of being one of the three great forces at work transforming the country. It too often advocates revolutionary doctrines, and holds out the Manchu dynasty as the incarnation of social and administrative tyranny. There are exceptions, I am glad to note. Its general effect is unfortunately disquietening, when its influence might be greatly of an educative order. Fed often by young minds who have been brought up in the views of the great thinkers of Europe, whether French or British, they inculcate these views, and consider they should be applied to Chinese Confucian doctrines. To do them justice they look for a new and juster condition of society in China, whether the mass can or cannot comprehend the idea. A curious phase is the part that women play in the new views. We may omit the guise of magicians and prophetesses under which they sometimes masquerade; it is manipulated to excite the people. Their action may spring partly from a desire to throw off the yoke under which the sex groans in China. But they

also take part—though possibly it is engineered—in political matters, as was seen only a few months ago, when a great mass meeting of women took place in Canton in connection with the recent Chino-Japanese affair respecting the seizure of the Japanese steamer *Tatsu Maru*. Their influence is at least being cast on the side that leads to social abstractions that have already shaken Chinese society.

It is impossible to predict, and no one who understands the real situation admits the possibility of any very instant trouble to be expected in the Empire, beyond the normal crop of revolutions and the troubles that occur from famines, floods, and great natural disasters; but no one can say with any definiteness whither China is being led. The general position turns, as it has done for so long, on the Empress-Dowager. If the revolutionists gain any distinct successes, Yuan Shih-kai might be able to stem the tide and roll it aside from Peking. The Edict for Constitutional Government sets out that the High Commissioners, after visiting Western countries in 1906, were unanimous in the declaration that the main cause of the backward condition of the Empire (a great admission, it will be acknowledged) was due to lack of confidence between the Throne and officials and the masses. A Constitution is to bring both together in China as it has done in other countries. The road is a long one to travel, and it does not seem from the constituent elements that trouble will be avoided, unless China progresses by reaction to action, and then reaction again towards action.

Diligent students of Chinese matters have always found difficulty in arriving at what was the real intention of the Chinese Government and people in regard to opium. The drug, it has been freely asserted, was the reason of war between Great Britain and China, whereas the real truth lies in the statement, made by the late Sir Thomas Wade and other authorities, that the same causes—of which opium may incidentally be taken as one—

would have led to precisely similar results. To arrive at a just estimate and a clear solution is not exactly easy. The actual harm done, the possibilities of something more deleterious taking the place of smoking the drug are matters either of opinion, based on facts which are looked at from opposite points of view in the first place, and of conjecture in the second. It is as difficult to dogmatise about this as it is of most things in China.

Edicts and fulminations against the drug in the past have achieved singularly little. Now there are the recent stringent proclamations against growth and smoking, destined to sweep away the vice in ten years (from 1906). Imperial decrees have appeared ordering the discontinuance of the habit. Local proclamations were issued in accordance therewith, and posters and exhortations were to be read in almost every city, town, and village in the Empire. Much of this sort of thing has been seen before. China is a nation prone to enunciating magnificent precepts, that sadly fall away in practice. The Edicts show us the precepts truly enough, though we have yet to seek action in entire accordance therewith. In some districts there is no doubt that the Edict is made to run, but there is much doubt about many other localities. Edicts grow more and more drastic, and one of the most recent ordains that manufacturers of morphia or hypodermic appliances are, when detected, to be banished to "a pestilential frontier of the Empire," a suggestion that recalls the boiling oil treatment of a Gilbertian play.

A recent valuable contribution on the matter comes from the Shanghai correspondent of the *Times*:—"It has been said by a writer well versed in Chinese affairs that this people loves regulations but abhors regulation. The Edict of November 21st, 1906, was, therefore, hailed with applause, but native public opinion regarded it from the outset as a counsel of perfection. Imperial Edicts in China, as has been well said by another writer, and as foreigners know to their cost, cannot be enforced except in so far as they are endorsed by public opinion. Neither

the acts nor the omissions of the authorities at Peking have any permanent effect on the life of the masses, except so far as they register the movements of popular sentiment and demand. In the present instance the popular sentiment undoubtedly exists, but since it is by no means unanimous or universal, it is not matter for surprise that the enforcement of the regulations is irregular and variable. Consequently, you can no more abolish opium smoking by Imperial Edict or pious opinions in China than you can suppress the use of alcoholic liquor by Act of Parliament in England. Only public opinion can achieve these results, the active conscience of a determined majority."

This is not always in evidence, as a Canton correspondent writes in July last. He points out that some measures have been taken in that city and its vicinity in the suppression of opium smoking by the officials, but no systematic methods have yet been adopted; no department has been established exclusively for the purpose; no special official has been appointed to enforce the opium edicts; and no organisation to search, arrest, and punish those who smoke opium illicitly. Few of the wealthy class possess opium licences bearing their proper names. The licence is practically issued to the holder for the right and the privilege of purchasing opium, but most of them are in the name of servants, and not a few heavy smokers possess half-a-dozen of them to satisfy the craving for themselves and their friends.

The sceptic may therefore be excused if he, looking at past experience, asks the questions: Is it more than has been done before? Is China really sincere this time? Or is it, as she has so often shown, that it is a fiscal question only with her? She has in times gone by strenuously opposed the importation of opium because, it was asserted, she was losing her sycee for it. We know now that this was incorrect. China was not losing silver for opium. My own opinion, based on what I saw during this visit to China, is that a very considerable number of China's best men are in earnest about it this time.

The reiterated promulgation of edicts against the habit indicates that the spirit which initiated the edicts of 1906 is still at work. It is the inequalities of the performances according to the vigour or apathy of the local officials that gives cause for anxiety to those who wish well to China in her crusade. The crux of the whole thing may be briefly put. If China by act and deed is really suppressing the growth and smoking of opium, then it is our bounden duty to help her in the matter; measure for measure, or a little ahead, as she effectively does. And until we have the demonstration from China herself the treaties must run effectively. For instance, the contemplated monopoly at Nanking, to be spread subsequently all over the cities and towns of the Viceroyalty, could not be put in force without violating the treaties. I will not question the motive of the suggested monopoly, but accept it as a genuine factor to curtail consumption; but it would be a contravention of the British Treaty of Nanking of 1842 (Art. V.), or of the French Treaty of Tientsin of 1858 (Art. XIV.). Up to the present the movement against opium has been taken up in a popular way, and the native Press has been strongly in support of it. Fashion, also, is for the moment against smoking. It is no longer so proper a thing to do as formerly in the Chinese rake's progress. In fact, it is "bad form," and if public opinion in this way endorses the edicts it will do much. If, instead of opium being, as it has been the habit hitherto, given as a form of hospitality, it is "bad form" to do so, something will have been achieved, though it will scarcely be matter for congratulation if the alternative hospitality in future takes the form of strong drink. It is to be hoped that in this matter of the opium habit China is not getting out of the frying-pan into the fire. Already from Kansuh a missionary quoted in a recent report transmitted by Sir John Jordan, H.B.M.'s Minister at Peking, states that "the high price of opium has induced people to take to drink," whilst the morphia habit in the form of injection is one that needs to be

carefully watched. The Government has certainly been strict in not appointing smokers to vacant offices, because they indulged, and others (non-smokers) have been appointed instead.

Part of the scheme to eradicate the growth and smoking of opium is that its cultivation should decrease by a tenth each year, in China be it understood as well as in India. So that this will not be so drastic the growth was increased in many districts. Where a hundred *mow* were formerly under the poppy, the area has been increased to, say, 130 or 140 *mow*. A tenth per annum off the greater figure leaves a larger area to go on with than the same off the original ground cultivated. In some parts of the Empire reduction, even to total extinction, has been made. What proportion each bears to the whole area cultivated I could not ascertain. It probably depends on the activity or views of the local officials, who in this, as in other matters, can make or mar an edict. The first test of sincerity and efficiency remains meanwhile to be shown in the reduction of the area of opium cultivation in China. While in Manchuria a marked reduction is vouched for by missionary observers—due, no doubt, to the personal influence and energy of Tong Shao-yi—in Sze-chuan, the great producing centre, the edict is reported to be a dead letter in several districts.

As is well known, at the suggestion of the United States Government, an international investigation into the whole matter has been agreed to by the Governments more closely concerned in the trade. China hesitated for some time, but finally agreed. She apparently failed to see at first that if she was really in earnest that the inquiry could only be for her own good. We may get some additional information from such an inquiry. The Commission meets at Shanghai in January, 1909.

Every Treaty port has felt the influence of the prohibition edicts. Shanghai has been peculiarly affected, inasmuch as there are a number of licensed opium-smoking houses. She has taken action, and one-third

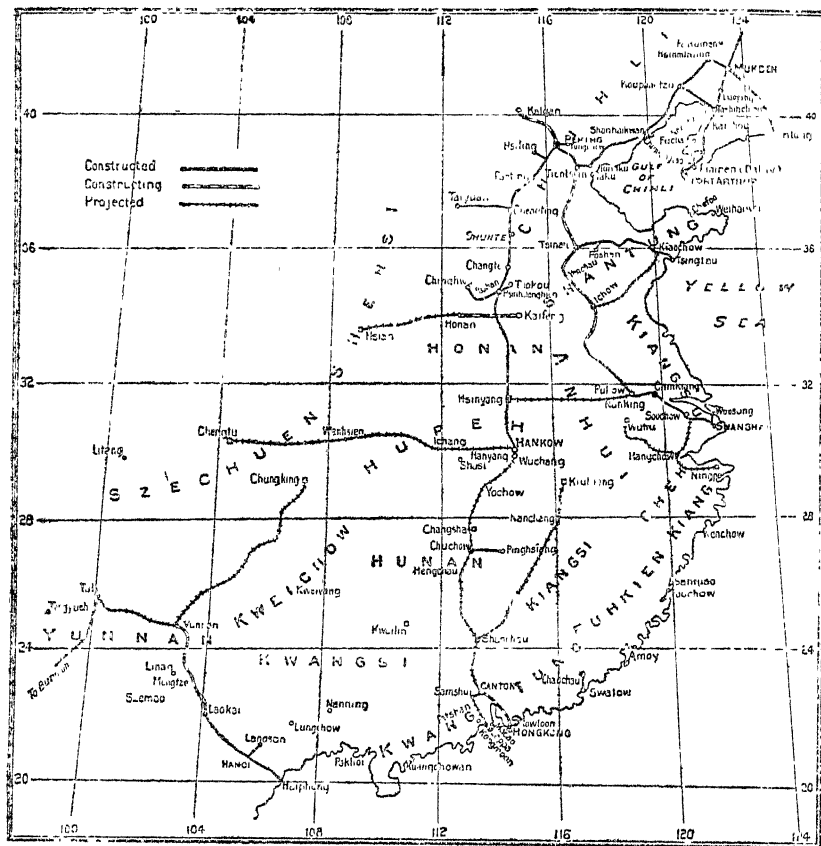
of the licences has been extinguished. Two years will suffice to extinguish the remainder. What is more serious is that whilst a comparatively small item of revenue will be withdrawn, it is possible that a large sum may have to be annually expended in preventive measures to see that the new law is strictly adhered to. I wonder if China, again giving her credit for all earnestness, is prepared to pay the requisite large sums for prevention throughout the Empire in the future. As regards Shanghai and some other Treaty ports, it must be borne in mind that the class of houses closed in the native city and those in the Settlement vary very greatly. In the former they are mere dens, whilst in the latter they are often luxuriously furnished apartments not infrequently used as places of business rendezvous. In a good many instances they are likewise adjuncts to brothels, rather than opium-smoking shops pure and simple.

There seems no lack of evidence to substantiate the fact that the morphia habit has greatly extended. Many Powers have assented to the clauses in the British and American Treaties forbidding the importation of morphia except for medical purposes. Only Japan held back. It is curious that whilst she is rigorous in her prohibition of opium smoking in her own territory, and that she adopted all means to extinguish the habit in Formosa on her taking possession of the island, she was so dilatory in assenting to the clauses in the British and American Treaties. Her actions in Manchuria are also gravely open to question. The Japanese encourage smoking in their settlements for revenue purposes, and at Antung "the opium dens and gambling houses closed in the Chinese city have been officially encouraged to establish themselves in the Japanese quarter, where they pay taxes estimated at 350,000 yen per annum."—(Shanghai Correspondent of the *Times*.) To return to the morphia habit. If opium smoking is so replaced, the officials will practically be helpless in the matter. You cannot detect the eating or injection of morphia, which can be concealed in a way

that is impossible in smoking. The latter declares itself to the nostrils, and necessitates a certain amount of cumbersome paraphernalia that could fairly readily be detected. Morphia is now subjected to a duty of 200 per cent. *ad valorem*, as against the tariff duty of 5 per cent. which was formerly in force. The Customs statistics show that under the lower duty the somewhat considerable import of about four tons took place. The amount now recorded is only ounces in a year; for 1905 it was 54 ounces, for 1906 it was 419 ounces, and for 1907 it was also only small. It points to the fact of very considerable smuggling being already in process. It will require a wonderful service to prevent its surreptitious introduction. It is a matter for notoriety that the morphia habit has increased largely of recent years. Consuls, missionaries, and police on the foreign settlements or concessions all bear witness to this. If China gives up smoking opium only to take to another form of the drug, she will have accomplished nothing. Her people will be no better off, and she will have lost a great revenue. Meanwhile, though the letter of official instructions may be carried out, actual preventive measures have yet to be undertaken. As one Consul-General of mature experience remarked to me, "The front portals have decidedly been closed, but I fear in too many cases the back doors remain accessible." Even in Peking opium is freely sold to-day to non-registered applicants, and opium-smoking requisites are still openly on sale.—(Shanghai Correspondent of the *Times*.) Registration of smokers has been carried out in a desultory manner in certain districts, but the regulation appears to be used in many cases as an opportunity for the Yamên runners rather than as a deterrent. Observers on the spot, such as Sir John Jordan, Sir Robert Hart, and the Peking Correspondent of the *Times* are, as all well-wishers of China are, entirely sympathetic, assured of the genuine national impulse at the back of the movement, and the strength of public opinion: but they suspend judgment.

IMPORTATION OF MORPHIA PROHIBITED 223

Since the foregoing was in type the Powers, including Japan, have agreed to prohibit the importation into China of morphia, as well as all instruments for its use. The prohibition will take effect from January 1st, 1909.



Railway Map of China, showing Lines Constructed, Constructing and Projected.

CHAPTER XII.

RAILWAYS IN CHINA.

Imperial Railway of North China—Hsinmintun-Mukden Purchase—Fakumên Extension—Japanese Opposition—Tongshan Works—Engineering College—Question of Coal Supply—Winter Port—The Ching Han Line—Yellow River Bridge—Chinese Love of Railway Travelling—The Shantung Eisenbahn—Shanghai-Nanking Line—Railway Workshops, Woosung—Szechuan Proposed Line—Sinyang-Pukow Connection—The Last of the Concession Lines—Popularity of Railways—List of Lines Constructed and Constructing.

WHAT was familiarly recognised as the I.C.R. has now become, with the growth of other railways in China, officially known as the Imperial Railway of North China. It has grown and developed greatly ; and so have its traffic and receipts. The whole railway has, without doubt, been a considerable factor in the development of trade and personal movement in North China. The original main line was from Peking to Yingkow (Newchwang), 595 miles long, and the transit for passengers took two days. The longer half was accomplished the first day from Peking to Shan-Hai-Kwan, and the second day brought you to Yingkow. A branch line from Koupantse went to Hsinmintun (70 miles), and as the Japanese line laid during the war from there to Mukden (37 miles) has been acquired, this makes 107 miles more. There are also the short connecting line with the Ching-Han Railway from Fêngtai to Lukouchiao (4 miles), the Peking-Tungchow line of 14 miles, laid by British engineers as the result of the Boxer business in 1900, and the line to the Western Tombs from the Ching-Han line. This renders the visits of the Emperor and Empress-Dowager to the Imperial Mausolea some-

what easier of accomplishment than before. The section of the line from Hsinmintun to Mukden, acquired from the Japanese at a cost of \$1,660,000, was only narrow, 3 ft. 6 in., gauge. It was rapidly converted to the standard gauge, which is that of the rest of the railway, and the daily mail train that ran either way between the Peking and Yingkow termini was changed, as to its eastern terminus, to Mukden. The section between Kouphantse and Yingkow became the branch line, whilst the mail train with its superior coaches and dining car proceed to and from Mukden. In matter of mileage—say something over 600 miles—the distance between Peking and Mukden is not great, as people accustomed to railways in Europe may look at the matter, but that the two capitals can be spanned under two days is vast progress to all who, only a few years since, had to make the distance in North China or Manchuria. The business now done by the railway throughout its system is immense in both passengers and freight. Look at any train you will, it is generally full of passengers, whilst freight is constantly increasing, the main commodities contributing being coal, wool, rice, salt, kaoliang, beancake, millet, oil, and cotton piece goods, and other foreign imports. To complete the tale of the system one must include the Ching-Chang or Peking-Kalgan line now under construction. This will be 125 miles in length. It branches away from the present system at Lintsun, two miles from Fêng-tai. It was begun in October, 1905, and has been open for two years to the foot of Nankow Pass, a distance of 33 miles. It is hoped that the whole line will be completed in 1909. There was difficult work through the Nankow Pass, and for some little distance on the northern side thereof. It is being constructed out of the profits of the North China line. A good deal has been made of the fact that the line is being laid entirely by Chinese engineers. It may be remarked, however, that the trace was made by foreign employés of the North China line, and that many of the engineers and workmen have had

a good deal of experience on the existing railway. It is an experiment that is being watched with interest, and one may well wish the Chinese success. The line is destined to be of immense benefit to the export trade of Tientsin, as it will furnish quick and cheap transportation for wool, skins, hides, and furs from Mongolia. Saving in cost of transportation should increase the quantity and add to the varieties of goods that can be brought to market with profit.

The splendid receipts of the former operating lines led to this enlargement, but the projected Hsinmintun-Fakumên line, a distance of 50 miles, has encountered strenuous Japanese opposition. A contract for this line has been signed by Lord French on behalf of Messrs. Pauling & Co., railway contractors, acting with the British and Chinese Corporation and the Hong Kong and Shanghai Bank. The Japanese Government contends that when in 1905, the Imperial Japanese Government, through Baron, now Count, Komura, obtained from China an undertaking not to build a railway which would run parallel with the South Manchurian line or any branch line likely to affect the traffic of that railway, Japan had expressly in view the above-mentioned section, which China now proposes to construct. The building of this line, it is contended, would seriously affect the traffic of the South Manchurian line. Japan's objection is based on China's solemn undertaking with regard to this particular railway—an undertaking to which Japan intends to hold the Government of Peking. Japan affirms she cannot afford to allow the construction of this line, which is only the first link of a connection that it was proposed should be carried on to Tsi-tsi-har, Aigun, and the Russian frontier. The case for the British firm which was to construct the proposed line was brought before Sir John Jordan, the British Minister in Peking, and the contractors were informed that the British Government could not uphold their claim in view of the clear undertaking given by China to Japan not to construct such a line.

Representations have been made to the British Foreign Office by the firm of contractors respecting the Japanese objections. They point out that Japan's opposition is based upon a clause in an informal secret agreement dated April, 1906, that is, four months subsequent to the conclusion of the publicly-known Chino-Japanese Treaty of December, 1905. The clause referred to, forbade China, for fifteen years, to construct any main line in Manchuria that would be in competition with the Japanese South Manchurian Railway, or a branch line that would be injurious through diverting traffic. It has been pointed out that the proposed line would rather act as a contributory feeder to the Japanese system, and is not, therefore, a breach of the secret agreement. The branch is intended to tap a region that is at present without outlet, and, at its nearest, is thirty miles distant from the South Manchurian Railway. The line would be fifty miles in length, would run over a populous plain, and act as a link between Fakumên, which is the terminus of an extensive river traffic, and the Chinese Railway. Merchandise arriving at Fakumên by the river Liao is conveyed by road and country carts southwards to Hsinmintun. If the railway were constructed, this traffic would not only be expedited, but would probably increase, and a proportion of it at least would be sent forward to the Japanese line *via* Mukden, though the bulk of the goods that come down that way are destined for the Tientsin market. The district tapped by the proposed line is in no way served by the Russo-Japanese line, and it would not enter into competition with it or lessen its traffic. Japan, it is said, by her contention, establishes an exclusive position precisely similar to that enjoyed by Russia before the war, Japanese interests dominating those of China throughout an undefined extent of Chinese territory. This is, perhaps, true, but the result of the Portsmouth Treaty was to instal Japan in Manchuria in the privileges held by Russia. The only qualification was that Japan, which had previously

adhered to Secretary Hay's memorandum respecting the open door, gave promises and statements to the world in favour of that policy. It is well, however, not to confuse the issues. In the railway question now in dispute, there is no question of the open door. The Chinese maintain that Japan is straining the intention of the subsidiary understanding recorded in the minutes preliminary to the Manchurian Convention—an understanding which China did not intend to be applicable west of the Liao River. They point out that the Tokyo interpretation is untenable, because it would annul the effect of Articles 4 and 7 of the Portsmouth Treaty, and is also incompatible with the terms of the Anglo-Japanese Alliance. The Articles referred to read that Japan and Russia engage not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria; and that they undertake to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes, and in no wise for strategic purposes.

There remains direct conflict between Japan and China on the point, and Japan bases her contention on the undertaking given by China in the course of Manchurian negotiations previous to the Manchurian convention of 1905, and also subsequent to the same. It is certainly not unlike China that she should give an undertaking, and then endeavour to save her face by wriggling out of it, or thwarting it in every way. On the other hand, we can quite conceive that she never intended the engagement to apply to a line west of the Liao River, and we must remember that in Russian times she did not get east of the Liao as she did in the summer of 1907 by the purchase of the Hsinmintun-Mukden line from Japan. In the negotiations for this line the undertaking was again given to Japan, we believe, as regards any competition with the South Manchurian Railway. The only modification Japan has suggested, and I do not know if that has been officially made, is that the proposed connection for

Fakumên should be constructed due east to the South Manchurian line, and not southward to Hsinmintun on the Chinese line. As the Fakumên trade is purely Chinese trade, and China desires as far as possible to retain it for herself, it is not surprising that China does not dance to the particular tune that is piped. China, who pays, is naturally more concerned in traffic for her own line than in feeding the Japanese line, even though that line is almost the sole tangible asset that Japan secured as the result of her costly war.

On a broad survey of the whole matter, one must admit that China has herself signed away her rights, but there are times when it is not politic to adhere strictly to the absolute letter of your contract. I hold the present is an instance. The construction of the line, as proposed by China, cannot be harmful to the South Manchurian Railway; it can indeed only possibly bring a small amount of traffic on to it; it will not deflect any. The Chinese idea of proceeding to Tsi-tsi-har and beyond would undoubtedly be a competitor to the Japanese line, and is rightly objected to by the South Manchurian Railway and the Japanese Government. Allow, therefore, the Hsinmintun-Fakumên line to be constructed on the distinct understanding that its extension is reiteratedly prohibited. Policy suggests this solution in Japanese interests, because the opposition by Japan has been harmful to her own interests in influential financial quarters that have been, and may again be, most helpful to Japan. In other ways the conduct of Japan gives rise to suspicions that larger issues are involved.

Had this unanticipated opposition not been encountered, the ambition was to go on into Mongolia to tap the great skin trade and make its transport to the main market of Tientsin easier. It would seem that the line would advance to possibly Sinjan, a considerable centre north of Petuna. This would be about 175 miles extension beyond Fakumên, but this is looking a little ahead, perhaps, for a few years, even allowing Japanese opposition is over-

come. The Administration could not, however, better utilise its magnificent surplus profits than in extensions. These are largely obtained because operating expenses only come to about 28 per cent. of the takings—a figure that must make general managers and traffic managers in Europe or America very envious. The receipts outside the Great Wall, that is, eastwards of Shan-Hai-Kwan, which were not so satisfactory as the rest of the line at first, now about equal the takings inside. Ching-wan-tao, with its winter traffic, has had some little effect in producing this, but the great factor has been the development on the Hsinmintun section. The economical effect of all this on the country and its trade, apart from the personal facilities afforded, is, as may readily be seen, very considerable.

The main workshops of the company are situated at Tongshan, where the general manager, Mr. C. W. Kinder, C.M.G., who has been the father of the railway, resides. The manager of the works is Mr. Jamieson, a son of Shanghai's former well-known medical officer. The transfer of the smaller and inadequate workshops from the site adjoining the Mine Works at Tongshan was already in progress in 1900. The Boxer business did a certain amount of damage, and hindered the creation of the extensive range of buildings that is now practically completed. These comprise large shops for all classes of construction and repairs for locomotives, passenger coaches, and rolling stock generally. The shops are very completely fitted, and the ground is extensive, allowing for future developments. The new shops are situated a mile or more away from the old ones, before you reach Tongshan, coming from the capital. The transfer completely effected, the old site will be handed over to the Mining Company. This will give the latter the necessary ground they need for their own surface requirements. Within the confines of one of the buildings may be seen what is labelled the "Rocket of China." The little locomotive is an interesting object even if it

is not quite correctly named, seeing that the Shanghai-Woosung line had been operating for a year, and had then been torn up for fully ten years, before Mr. Kinder made the daring experiment of constructing, out of any material he had at hand, this little locomotive, and laying down a few miles of railway on which it could run. This notwithstanding, it is historically an interesting object.

The other works of the railway are situated at Shan-Hai-Kwan, and are designed to provide all bridge work required on the line. The work done here has, I am told, astonished engineers of considerable experience, who had no idea that as far away as the Great Wall of China efficient bridge work was constantly in progress.

A few minutes' walk from the workshops at Tongshan brings you to a very interesting development. This is the Railway and Mining Engineering College, which was started in October, 1906, under the joint auspices of the North China Railway and the Chinese Engineering and Mining Company, the expenses being equally borne by the two undertakings. There a technical college has been started under the direction of Mr. Griffith, who was formerly at the Railway College of Shan-Hai-Kwan. A Chinese director is also attached. It has accommodation for 160 students, but it opened with 120 students for its first term. Not that it could not be filled to its full capacity, but because it was thought better not to launch right away at the fullest extent. Examinations for entrance were held at Hong Kong, Shanghai, and Tientsin, a requirement being that all should show a fair working knowledge of English, in which language instruction is imparted. A certain time per week is devoted to Chinese education, so that whilst acquiring technical knowledge in a foreign language they will not neglect their own side of education. The curriculum is much the same as it would be in a similar institution at home. All expenses of the students are defrayed. They are housed and boarded, and in addition receive as pocket money and for minor expenses a sum of 4 taels per month

in the first year, gradually rising to 10 taels a month in the last year of residence. The average age of the first batch of students was 18 years. The buildings are well constructed, and provide good quarters for the students. There is likewise a dining hall, where all can be accommodated, and four class-rooms. One class-room has a number of models to illustrate bridge building, girder strains, methods of handling weights, and such matters. Other class-rooms are being added. Houses are provided for the foreign professors and the Chinese director, adjacent to the institution. A fine swimming bath has been constructed. I was able to see how popular tennis, cricket, and football had become.

At the inception of the railway company it was so closely allied with the mining company that it was difficult to know exactly where one commenced and the other left off. The two worked into each others' hands. They were subsequently divorced, and the mining company became a foreign company. The relations, though naturally still close, are not, I believe, quite as cordial as they were formerly. A consequence has been that the railway has been seeking to have a coal supply of its own. It was thought that the Nanpiao coalfield would have provided this through the railway's ally, the British and Chinese Corporation. The coal there has not been found to be of desirable quality. Now a new field of what is asserted to be very good coal has been discovered at Hsin Ch'iu. This locality would be reached by a branch line 50 miles long north-west from Lichiauwopu, which is about half-way between Koupantse and Hsinmintun. It is asserted that terms have not been arranged with the British and Chinese Corporation, which claims a share in the enterprise. Apart from possibly providing some of the fuel required by the railway, the carriage of the rest of the output would provide additional freight for the line.

If the mine field is developed, another matter will be the question of a winter port for shipment of the produce.

In this connection the port of Chinchowfu is suggested. This is situated on the Gulf of Chili, between Shan-Hai-Kwan on the one side and Newchwang on the other. What its capabilities are I know not, but the idea is to release the railway from any domination, and to leave it a free hand from Japanese control through Tairen (Dalny) on the one side and Ching-wan-tao on the other.

A trunk line of great importance is the railway between Peking and Hankow, known as the Ching Han Line (Ching representing the capital, and Han for Hankow). This is the third title that the line has rejoiced in. At first it was known as the Lu-Han, then it became known as the Pe-Han, and now it is officially known as the Ching Han. It was constructed under Belgian auspices, with money raised partly in Belgium and partly in Paris. It will probably be a revelation when you step on board the mail express train, which runs once a week from either terminus, and performs the distance in 36 hours' continuous travelling. The speed is not excessive, and indeed the road bed and the weight of the rails do not suggest that very high speeds can at present be attempted. The train consists of first and second-class corridor sleeping carriages, and a dining car. The rolling stock and the locomotives are generally of good quality. One curious fact may, perhaps, be noted. In the sleeping cars all the Chinese attendants speak French, taught them, of course, by the Belgian employés of the company, and it is remarkable how well many of them speak the language. It is, as far as it goes, pure French, and not pidgin French. When you go into the dining car, however, the attendants speak English, mostly of the pidgin English variety. Aboard the train you will find passengers, in all probability, of half-a-dozen different European nationalities, talking perhaps almost as many separate languages. But you will probably be more struck at the number of Chinese. They seem to take readily to railways wherever they are constructed in China, as the often crowded state of almost any train

will readily testify. It is not only the high officials going from north to south, but you will find many of the merchant and compradore classes. China, old or young or middle-aged, takes quite kindly to an innovation that not many years ago was absolutely barred by Fêng Shui (the spirit of wind and water) and other superstitions. Withal, it is doing much for the development of the provinces it traverses, a fact that will be increasingly apparent when the necessary feeders and complementary lines are constructed. The mere fact that the natives of one province can now more readily meet and communicate ideas with those of another province must tend to break down provincial prejudices, to disseminate more ideas and thoughts along common lines, and thus tend to consolidation of the country, and greater centralisation of the Government, whether it is the Imperial authority at Peking or the local provincial officials. Telegraphs and railways are slowly bringing about great changes.

My own plans in proceeding south from Peking were framed only to go to Sing-hsiang-hien, where the junction takes place with the Pekin Syndicate Line, and then to return north to the capital. This, unfortunately, would not have permitted of seeing the famous bridge over the Yellow River, and unless I was prepared to lose a week and take the next mail train, or proceed by the ordinary slow daily train, involving stopping in Chinese inns at night, it would have to be omitted. Through the courtesy of the Chinese director of the line, special facilities were given me to see the bridge. On my return to Sing-hsiang-hien, a special train was kindly provided for me. This took me south for an hour and a quarter to the great bridge. On arrival, the engineer who is in charge of the work met us; and the special having proceeded on, we were conducted over the bridge on a trolley worked by coolies. This permitted of stopping to examine the construction and any special spots. The bridge is certainly a wonderful piece of work. It consists of 103 spans each of 30 metres. This means about three

kilometres, or, say, round about two English miles. For a certain distance from either bank the spans are constructed overhead, but for all the central portion they are below rail level. The screw piles are sunk down 60 ft., but even at that depth no solid foundation exists. It is all alluvium that has been carried in solution in the turbulent waters of what has too truly deserved the name of "China's sorrow." The piers are put down in a square formation—a pile at each corner. These are connected by lattice work, and are further supported by guard piles above and below in the line of direction of the current. From these piles braces go to near the rail level, and permit of certain bending movements of the bridge under exceptional stress of water. So far, since the construction was completed, there has been no exceptional freshet, so that the anticipated maximum strain has not had to be encountered. For the protection of the piles, and to attempt to make a more secure foundation than the sort of floating mud on which it now rests, many tons of rubble are put down each season. Fascines are first put down at low water season and the stone dumped on these. A group of so many piers is thus treated each season. It is astonishing how soon these stones bear down the fascines and disappear from view in the soft mud. What is sought, of course, is to secure some sort of a better foundation about the base of the piles. Some distance above the bridge a special training wall has been constructed for a length of several kilometres with the object of deflecting on to the southern bank, which is here somewhat hilly, the heavy mass of water that comes down in freshet times, and thus prevent its full force, when it is running, perhaps, at a velocity of nearly 20 kilometres an hour, from striking directly on to the structure of the bridge. One naturally hopes that so interesting a construction as is comprised in the second longest bridge in the world, even if it does not present any very special engineering achievement, is safeguarded by the precautions that have been pro-

vided. It is an interesting feature from the fact that it spanned for the first time the famous, but turbulent, Yellow River. This must always bring it a certain renown.

In pursuance of what has been termed the "rights recovery" section of the "China for the Chinese" propaganda, China is making inquiries in foreign financial quarters to obtain the necessary funds to buy out the line. According to the agreement for its construction, Article V. stipulated that the Chinese could not increase the amortisation or pay off the loan before September 1st, 1907. After that date she was at liberty to pay off the loan at any time, and when refunded the contract was to be annulled. The net profit of the line, according to the published statement for 1906, showed the considerable sum of \$2,000,000. Of this sum, \$1,600,000 went to the Chinese Government and \$400,000 to the Belgian syndicate. The Chinese, like most other people, desire to obtain the whole of the profit, and the figures given seem to show that there is plenty of margin on which to finance the requisite loan.

I will now pass on to the Shantung Railway. A great deal of the future development of Tsingtau centres in this line. Official and commercial hopes are founded on its capabilities, and on its twin sister, the Harbour works at Tsingtau. Shantung, unlike most other portions of China, has not the fine system of waterways, that prevails so generally, on which it can rely for communications. Roads are as deficient for easy transport as they are in most provinces. This province is generally rather hilly, which fact has retarded progress, for the province is one of the oldest in China, and with its associations of Confucius you feel all the time in quite ancient surroundings.

The Schantung Eisenbahn Gesellschaft runs between Tsingtau and Tsinan-fu, the capital of the province, and it has a branch line to Poshan for the mines there. The main line is 412 kilometres long. It is standard gauge,

and laid on iron sleepers. Moderate weight rails are employed, and at present no fast speeds are attempted, though some acceleration of the service has taken place. The stations are good useful buildings, without ostentation, and adapted to the purposes for which they are designed. The bridge-work over the many shallow rivers and streams, which in the rainy season often become raging torrents for a short time, is fairly solid, and the road bed in good order. The passenger fares, generally speaking, are moderate in amount. The line is at present worked largely for what can be drawn from Chinese travellers. Their interests are studied more than the foreign elements in the traffic, which are naturally small. The surplus in 1906, the eighth year of working, aided by a higher exchange, came to m.2,642,000, and after passing 5 per cent. to reserve and 5 per cent. to special reserve, a dividend of $4\frac{1}{4}$ per cent. was paid on the capital of m.54,000,000. The company has a complete range of workshops at Syfang, close to Tsingtau, where all repairs to stock and other material can be carried out, as well as construction work up to a certain point. The company houses its employés here, and the workmen's dwellings are a model of what should be done for Chinese in this way.

With the line from Tientsin to the Yangtsze the construction of which has just been commenced, the Shantung Railway will probably have more traffic coming to it of the foreign order, and will doubtless cater for this by improved rolling stock.

The route followed is moderately interesting, and gives you an idea of more flat land existing in Shantung than the coast-line or the maps appear to indicate. You pass busy and important Weihsien, with the big foreign educational establishment on its outskirts. Then there is Ching-ling-chow, with its adjoining Tartar city, and Putung, with some curious tombs on the hills. By-the-way, this portion of China is no exception to the statement that the whole of China is one vast graveyard.

The branch for the Poshan mines leaves at Chang-tien, and not long after, for a distance of about 50 kilometres, you pass through a stretch of country that is slightly reminiscent of Switzerland.

In the summer of 1907 it was my good fortune to be taken over a portion of the Shanghai-Nanking Railway that was open for traffic. The line had been fairly expeditiously constructed, and was open as far as Changchow, 100 miles from Shanghai, a large walled city and a great trading centre. It has since been completed throughout. It is an extremely well-constructed line, very solid and substantial. An effort has been put forward by all concerned to give the Chinese an object lesson of what a really first-class line consists. The road bed has been well laid and well ballasted, and the rails used are a heavy section. The line has been completed within three years, and the first train travelled over the route with great smoothness and comfort at an average of 25 miles an hour, giving proof of a firm and substantially-built line. The locomotives, passenger coaches, and rolling stock generally are of superior specification, and nothing has been neglected to make everything solid and substantial. The Chinese authorities have, I was informed, once or twice complained of the cost of construction, but they might in part have mitigated some of it, had it presumably been consonant with somebody's "interests." It was not, and where they might have assisted they have not always done so. If it is, however, expensive, they have an excellent piece of work, and one that will return its value in lessened cost of upkeep. Already the traffic receipts make an excellent showing, and in the traffic manager, Mr. A. Pope, they have a man whose large experience in India is already benefiting the Chinese. The growth of the in-takings is most satisfactory. Week by week and month by month the traffic manager wore down the launch services that have been carrying so much of the delta traffic of recent years, and he is constantly devising new schemes for bringing freight to the

line. The passenger traffic is already assured, and it will not be an insignificant one. During 1907 more than two millions and a half of passengers were carried. This readiness to travel is certain to be the forerunner of increased foreign trade, by bringing buyers more into touch with what foreign goods are on offer. The rates for both passengers and goods are very moderate. A recent British Consular Report from Shanghai notes: "The railway is already becoming popular for certain classes of goods, such as silk, cocoons, tribute rice, cotton yarn, opium and cattle. All the cocoons now go by the railway, owing to the advantage of rapid transit to the Shanghai market, and the native merchants of one district alone estimated that a saving of \$20,000 had been effected by railway transit for the season. After long negotiations, the British Minister at Peking and the Commercial Attaché have succeeded in obtaining satisfactory Customs regulations with regard to foreign goods moving along the railway. The question of *lekin* for native goods, however, is still in a difficult and uncertain position, and the charges are so heavy that the goods are unable to utilise the railway to any considerable extent, though this difficulty will probably soon be overcome. Roads and steam launches are gradually tending to act as feeders to the line, and throughout its whole length the railway has already asserted itself as a distinct power in the land." It is an illustration of the short-sightedness that too frequently characterises the doings of Chinese officialdom that one set of officials representing the Government will put on such *lekin* exactions as to strangle transit, whilst the Imperial Government has to meet the interest on the loan. It could recoup itself for the interest by relaxing the *lekin*, but fails to do so.

To a foreigner a run up the line proves of considerable interest. He passes the renowned Soochow—the beautiful—with its magnificent palace of a station where the Chinese of big official rank may be adequately received; then there are Quinsan and other places full

of memories of Gordon and the "ever victorious army"; Woosieh, the home of cocoons; and other places of general or historic interest; moreover, the line closely follows the Grand Canal.

The railway workshops are at Woosung. It will be remembered that the short line from Woosung to Shanghai was handed over to be worked by the S.N.R., when it was commenced. A splendid range of buildings has been erected as workshops. They are fitted with fine up-to-date tools, furnished throughout with electric drive. Besides repairs, carriage construction is also undertaken. The wheels and axles are sent out from home, and the bodies made and fitted locally. The wood employed is usually teak. Iron wagons, sent out in sections from home, are also erected in the shops. The works are designed to do all the anticipated work of the line, as well as for an additional 150 miles more, so that provision has been made for the future wants of the Soochow-Hangchow-Ningpo Line, though that line will not now apparently be worked as part of this system. Close by, on the river, is a pier for the more convenient landing of heavy goods and materials. This is fitted with shear legs to lift any weight likely to be necessitated.

It is, perhaps, matter for regret that His Excellency Chao Er-hsun, when relinquishing the post of Tartar General of Manchuria to become Viceroy of Szechuan, did not proceed to that post, but was appointed to succeed the Viceroy Chang Chih-tung in the important Viceroyalty of the Hukwang, at Wuchang. When I saw him in Mukden His Excellency informed me that it was his intention as soon as possible after taking up his new government of Szechuan to go earnestly into the railway question—that is, the line from Chêng-tu to Ichang and Hankow. Calling for a small Chinese route book, His Excellency computed the distance to be 1,800 li (say 600 miles) between Ichang and Chêng-tu. He hoped that the easier portion from Ichang to Hankow, a distance of 1,080 li (360 miles, or close on 1,000 miles

in all), would also be taken in hand. Anyone who knows the difficulties of the route up the Yangtsze gorges, or from Ichang to Chêng-tu overland, will appreciate what a railway would accomplish, but it would be a very costly proceeding, and those who have traversed the ground, and know the trade conditions, are very sceptical on the subject of whether such a line would pay interest on the required capital. Certainly the prospect of tapping the trade of Szechuan, with its many millions of inhabitants (whether the proper number be 45,000,000 or 70,000,000), or even the trade of the Chêng-tu plain alone is very alluring. The cost of construction would certainly be great, as the country is very broken. A fairly good trace was, I believe, found by one of the members of the Manifold Expedition, but even then certainly not less than seven tunnels would be required, besides a considerable amount of bridge-work and embankments. Still, the Chan-Han Line is most urgently needed now that the feasibility of steam navigation on the Yangtsze must necessarily be abandoned. The rapids prevent free navigation, besides levying a heavy toll on shipping and cargo in its passage up and down the river.

After numerous delays and protracted negotiations two final contracts to complete the different concessions for lines given in the famous years of 1898 and 1899, have been concluded this year (a half concession is also promised for the Sinyang-Pukow line, that is a line eastwards from Sinyang on the Peking-Hankow line). All the lines were delayed by the events of 1900, and it was not possible for a considerable time after to resume negotiations for final contracts. The two last were the Tientsin-Chinkiang line, whose Yangtsze terminus was altered to Pukow, opposite Nanking, and the Soochow-Hangchow-Ningpo. There have been many delays and procrastinations. In regard to the Soochow-Ningpo line, the Chinese have acted in a manner both hot and cold. The line has been sanctioned by Imperial Edict covering

the concession. Yet it was suggested that the concession had been cancelled, and the Chinese had, in fact, commenced to construct it themselves, authorised thereto by another Edict. Most people doubted, with an intensity that leads to a certainty, that they could make the line, or even find the necessary capital. A compromise has been made. The loan for £1,500,000 has gone through, and the local Chekiang people are to have the line. We all buy our experience, and if the Chinese like to waste a certain portion of their substance they are free to do so. The pathways of China are strewn about with many, often promising, enterprises, where much capital has been lavished, but wasted through want of expert (foreign) assistance.

With the issue of the prospectus of the loan for the Shanghai-Hangchow-Ningpo Railway on the London market in May last, we are getting towards the end of the old concessions. If we take it for granted that the balance of the Tientsin-Pukow loan will be placed when the money is required, there remains only the Pukow-Sinyang concession to be issued to the public. Negotiations in this matter are proceeding with the Chinese, and it is hoped will reach a conclusion ere long. When this is concluded we may take stock of the position. Despite recent favourable statements, it seems obvious that the Chinese will not be able either to raise the requisite funds or to provide the expert knowledge to construct the great Canton-Hankow trunk line. When the Hong Kong Government loaned the money requisite to buy out the original American concessionaires, and others, of this line, one of the terms was that if the Chinese desired, or required, foreign capital or assistance that appeal would be made to British capitalists. It is obvious to all who have been watching events and doings on that line, that sooner or later this appeal will have to be made. Another less definite promise has been made for financing and constructing the Hankow-Ichang line, which, we may anticipate, will also be made in due course.

It will be evident to all who have been watching the Chinese railway question that China has not yet arrived at the stage, despite enthusiasm and newly-awakened patriotism, when she can either undertake the finance or construction of the lines she requires in the country. Railways have become very popular, and their advantages appreciated wherever they have been constructed. China, it is true, has been making the Peking-Kalgan line. We may, perhaps, here note incidentally that the prolongation of this line to Kiachta, and so to Irkutsk, would bring about a revolution in the possibilities of mail and passenger times between Europe and China. Roughly, the railway distance to Central Europe would be rather better than half the mileage of the sea route. Somewhere within the time of ten to thirteen days it would then be possible to traverse from north or south of China to almost any capital in Europe, proceeding *via* the Kalgan-Kiachta-Irkutsk line, and then over the Siberian Railway to Moscow. Here connection would be made with all European lines.

Many more lines, besides those I have indicated as being near at hand, await construction in China, as the value of existing lines is borne more fully into the minds of both officials and people. In their construction the foreigner, with his money and expert knowledge, may assist without any derogation of national right or the infringement of the popular cry of China for the Chinese. China cannot, or will not, provide the money herself. Officials who can get 15 per cent., or more, out of the pawnshops are not going to subscribe to 5 per cent. railway bonds; merchants, bankers, or others with capital will not entrust their money to official hands for reasons that are well-known to all who know their China. In the matter of construction, talent, and expert accountancy the matter is the same; China's lack of trained men will have to be supplied by the foreigner. The necessary arrangements should be to mutual advantage.

The opposition to railways applies also to many great internal works of improvement, of which China is in need,

and the execution of which would add greatly to her wealth. Some of the party who suggest progress, imbued with foreign education, admit this. The great fact that it is hoped will finally make its weight felt is, however, that the ordinary Chinese public wants railways and mines and many other forms of Western invention and improvement. They are keen to move rapidly to get at the gold, silver, copper, coal, and other metals that lie buried in the country.

It will be of some interest to give a list of railways, constructed and constructing, in China. In the map the other chief projected lines are also indicated.

RAILWAYS IN CHINA.

CHINESE LINES.

Railway.	Capital.	Con- structed.	Con- struct- ing.
Imperial Railways of North China, Peking, Mukden, Newchwang (British engineers).	Chinese (British loan for Newchwang extension),	721	... —
Peking-Tungchow (Brit. engineers)	Chinese	14	... —
Canton-Kowloon, 100 miles Chinese, 21 miles British (British engineers).	British (Hong Kong Government),	—	... 121
Chekiang Railway (Ningpo-Hangchow-Soochow).	British	—	. 200
Taokow - Chinghwafu (constructed by Pekin Syndicate).	British	93	. —
Peking-Kalgan (Chinese engineers)	Chinese	33	.. 92
Pingsiang-Chüchow (German engineers).	Chinese	64	... —
Canton-Samshui (American engineers).	Chinese	30	. —
Swatow-Chaochow (Japanese contractors).	Chinese	25	. —
Canton-Hankow (bought back from Americans).	Chinese	26(?)	. 700
Wuhu-Hangchow (150 miles),	Chinese	—	... —
Macao-Canton (130 miles).	Chino-Portuguese	—	.. —
Wuhu-Kwang-teh-chow.	Chinese	—	... —
Kiukiang-Nanchang.	Chinese	—	... —
		<u>1,006</u>	<u>1,113</u>

CONCESSION LINES.

Railway.	Nationality.	Con- structed.	Con- struct- ing.
Shanghai-Nanking.	British Control	193	.. —
Shanghai-Woosung (included with foregoing).	Do, do.	12	.. —
Tientsin-Pukow	One-third British, two-thirds German	—	... 620
Shantung Railway, Tsingtau to Tsinan,	German	273	... —
Peking-Hankow.	Franco- Belgian, (to Paoting-fu, Chinese capital)	754	... —
Chengchow-Kaifeng-Honanfu.	Belgian	61	.. 55
Chengting - Taiyuanfu (originally Russo-Chinese).	French	130	... —
Laokai-Yunnanfu.	French	50	. 242
Chinese Eastern Railway (Russian) Mandjuria to Kwang-chêng-tse.	1,088	—
South Manchurian Railway (Japanese) Kwang-chêng-tse to Tairen (Dalny).	508	—
Tongho-Ching-wan-tao.	4½	—
		<hr/> 3,073½	<hr/> 917

There is a branch line from the South Manchurian Railway to the Fushun coal mines ; also a Chino-Japanese line is projected from Kwang-chêng-tse to Kirin. Many other lines are projected, and some have even received the Imperial sanction, but their probable construction within the near future is problematical. They would bring the gross total of railways constructed, constructing or projected to about 9,000 miles, a quite insignificant total for so large an empire as China. The figure will doubtless be greatly exceeded in the next decade or two.

CHAPTER XIII.

FOREIGN MINING ENTERPRISE IN CHINA.

The Chinese Engineering and Mining Company—Coal Production—Ching-wan-tao—Chinese Dissatisfaction at the Company—The German Mines at Shantung—The Pekin Syndicate in Honan—The Taokow-Chinghwa Railway—Re-purchase of the Shansi Concession—An Event to be Regretted.

It is now thirty years since a little band of foreign engineers set out from Tientsin to open—according to foreign methods—what is known as the Kaiping Coalfield. The development that ensued comprised the Chinese Engineering and Mining Company, and the Imperial Railways of North China. The Kaiping mines were inaugurated by the then Viceroy of Chili, Li Hung-chang, whose henchman in the matter was the late Mr. Tong King-sing. This gentleman's name is known to many in China, and his nephew, Tong Shao-yi, has become even more known. With him were Mr. Burnett, the head mining engineer, a man of great experience Mr. C. W. Kinder as assistant, and Mr. Molesworth as mechanical engineer. It was in the spring of 1878 that I was invited by Tong King-sing to accompany the party up-country, to be present at the inception of coal mining enterprise on foreign principles in China. The offer was alluring, but other engagements did not admit of my taking the three or four months necessary to see something of the inauguration of the work. I need not recount the various steps up to the time that the mine became the Chinese Engineering and Mining Company

(the Chinese Company), or follow the canal development as a means of transport that first took place preceding the railway. Mr. Burnett unfortunately succumbed before much had been achieved, and most of the work has been carried forward by Mr. C. W. Kinder, C.M.G., whose name has been a household one for many years in North China. When the railway made progress, the two enterprises became dissociated, though closely allied. It will serve no useful purpose to traverse the ground by which the present company, an English registered company, acquired the property. The manner and method have not conduced to the establishment of any similarly constituted Chinese-foreign companies, and, as may be gathered from the litigation that ensued in the British Courts of Justice, the deal has certainly not pleased the Chinese. The matter has been an unfortunate one from the foreigner's point of view in China. It is to be hoped it is even yet not beyond the possibility of being rectified, and some measure of contentment brought to the Chinese Government and the original Chinese shareholders.

Through the courtesy of the agent and general manager in China, Major Nathan, R.E., I was enabled to see the mines and establishments of the Company. The enterprise is having a great economical effect throughout the country. There are several coal-producing centres, but this is by far the largest and most important. Three hours by the mail train takes you from Tientsin to Tongshan, where the main shafts of the company are in operation. Here you will find a British-Belgian community comprising the mining and technical staff. The company, a British one, was constituted partly by British and partly by Belgian capital. It is a happy community that has M. Paquet as head engineer and manager. You are speedily aware that the mine is a great undertaking. Seeing the men checked in for one of the three shifts which keep the mine going night and day is alone a sight. For the first half of 1907 the wages bill was \$100,000 a month, and with the electrical plant installed in June of

that year, the number of miners considerably increased, and the amount augmented by no mean sum. The effect of the disbursement of so considerable a number of dollars per month has had an effect on the neighbourhood. The annual reports for the last few years and the figures of the profit and loss account, show the prosperity of the mine. But the most considerable development took place only recently. At a cost approaching £250,000, an elaborate electrical plant has been installed. The Tongshan mine is a wet mine. To cope with the water the new plant was necessary.

There are three large electrically-driven pumps, operated through motors each of 480 h.p., installed on No. 4 level of the mine. These drive centrifugal pumps at 1,500 revolutions per minute, the capacity of each being five to six tons of water per minute with a working head of 230 metres. Two pumps of similar power and capacity are installed at No. 6 level ; these deliver to No. 4 level, whence the water is pumped to the surface. At the time of my visit one pump working at either level for 18 hours out of the 24, sufficed to keep the mine dry. Naturally during the rainy season more of the power available is required. The big hydraulic pumps formerly in use, whose capacity only permitted of a certain output of coal, are now held in reserve in case of any accident to the electric plant. The new power-house is a fine building, and installed in it are three sets of engines, each of 1,628 h.p., generating current 2,200 volts three-phase. There are also three motor generators transforming three-phase into direct current at 220 volts for lighting and exciting the generators. One steam dynamo is also supplied for starting-up purposes. A feature of the plant is the cooling tower for condensation, suitable for 750 cubic metres per hour. The mines and surface works are all lighted by electricity, which is likewise provided in all the European employés' houses. Besides the main Tongshan shaft, there is also, at Tongshan, the north-west shaft. Electrical power has also been provided there, being transported

by cable from the main plant. Similar power is also provided for all shop purposes.

The north-west shaft has at present an output of about 10,000 tons a month. This, like the Tongshan main shaft, increased with electrical power. The third mine of the company is situated at Linsi, a few stations further to the eastward on the railway. A similar electrical plant has been installed there, permitting of a greatly increased output, provision for which was made by a new shaft. With the plant in full working, Linsi can produce 3,500 tons a day, bringing the total capacity of the mine to 6,000 tons a day. The coal at Linsi is similar in quality to the Tongshan production, but the general conditions of working are easier. The general quality of both leaves, perhaps, much to be desired. It is not of a high class, but it can be produced fairly cheaply, and is suitable for locomotives and steamers as well as household purposes. It is fortunate in having a great local demand. Probably few, or no other, collieries are so situated that there is a ready market—at a price, but one that pays—for probably double or treble its output. It is there locally; the great string of coal carts at the mines, the coal carts at all the stations along the line, the coal yards at Peking and elsewhere, are evidence of the way the product is used and appreciated.

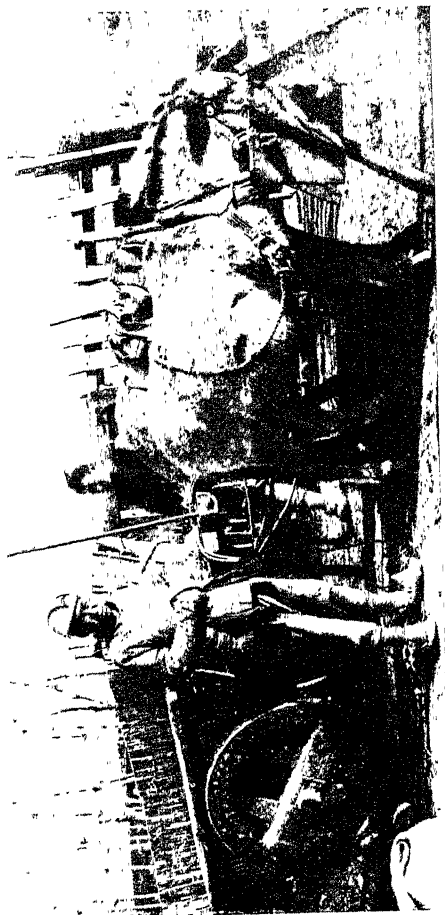
Besides the coal mines there are brickyards at both Tongshan and Linsi, operated by the Company, and to complete the industrial portion of the matter, a reference should be made to the port of Ching-wan-tao. It is on the Gulf of Chili, which, at that spot, is generally ice-free in the winter. It provides what has been termed a winter pier when Tientsin and Newchwang are closed. It is reached by a short branch line, owned by the Mining Company, from Tong-ho, a station on the North China Railway. To the Rest House Station the line is four miles long, and to the end of the breakwater four and a half miles. The trains proceed right alongside the company's steamers for the convenience of passengers.

and are run to connect with the mail train proceeding in either direction daily on the North China line. The company has made a harbour of a fairly satisfactory nature to provide facilities for the port. The works, which gave a certain amount of trouble, consist of a breakwater and a pier enclosing a fair acreage of water. During 1906 the breakwater was extended 300 ft., making its total length 2,300 ft., and the pier was lengthened to 1,600 ft., and broadened 20 ft. At the breakwater there is berthage for five steamers, of which two are for vessels drawing 22 ft. of water. The other three berths are for ships of 18 ft. draught. There are four tracks of railway along the breakwater. Improvement works have straightened out the chord quay, which seems to have been a bad feature in the original design. The normal coaling capacity is about 150 tons an hour, and vessels can discharge, say, 700 tons of general cargo in the 24 hours. The pier has two berths for vessels drawing up to 17 ft. of water, and it has two tracks of rails laid along it. The company has erected a fine godown 600 ft. in length and 45 ft. broad, with a storage capacity of 7,000 tons of cargo.

At present the port is occasionally used by different steamers apart from the company's own vessels, the "Ping" Line, but the harbour has not become very popular. Perhaps liberal treatment for steamers may induce lines to utilise the port to a greater extent than hitherto, for the harbour does not seem to be so greatly used as one would anticipate, when the only other ports in the Gulf are frozen up. It is a pity also that some scheme cannot be arranged to avoid the amount of handling that cargo has to undergo. The company's cars into which the cargo may be put on arrival are not allowed to run on the North China Railway. Goods have, therefore, often to be transhipped again at the junction at Tong-ho. This, of course, means another expense as well as the possible damage at each handling. Where possible, goods are loaded directly into the

railway company's wagons, but such are not always available.

I would now say a few words on what I may term the politics of the subject. They have a very considerable bearing on other matters apart from the actual concerns of the company itself. It is not necessary to go over ground that has formed cause for litigation in the Courts in London. Briefly, the Chinese do not understand the whys and wherefores of how it was that they only received £365,000 out of a capitalisation of £1,000,000, and that beyond this it was necessary to create £500,000 in debentures. There was the side issue also that Chang Yen-mao, who signed the contract for sale, and his friends did not think they were really selling the property; but that some such deal was in progress as happened when the China Merchants S.N. Company was temporarily transferred to Russell & Co. during the time China was at war with Japan in 1894-5. They thought they would naturally have to make compensation for the favour done them, a favour that in reality saved the property from falling into Russian hands, but that when the Boxer trouble of 1900 had blown over their property would be restored to them. The documents are entirely against them, but that they anticipated a return of the property is common knowledge in North China. The result has been that Chang Yen-mao lost a good deal of "face." Rumour has several times asserted that something further was to be done for them (the Chinese shareholders) in the way that they would have a greater interest in the company. Just how that is to be accomplished I am not in a position to say, but negotiations are understood to be again in progress at the present time. The whole matter, as it has stood since the company was formed, has created a bad feeling amongst the Chinese. They look on it as a precedent that might be followed in other cases, and the result has been to hinder the possible formation of any similar enterprises where foreign capital and expert knowledge might have been brought into co-operation



NORTH CHINA COAL CART.

in developing enterprises in China, to the mutual advantage of both foreigners and Chinese. A bad impression has been created amongst the Chinese in North China that one would like to see dissipated. The only redeeming feature of the whole matter has been the honesty of the work that has been achieved by the foreign staff in China. The men on the spot by their capacity and integrity have done excellent work for all interested.

The second property I propose to devote a few words to is the German mines in Shantung, an enterprise closely associated with the railway, and owned by the same group of directors and shareholders. There are two centres of coal mining exploited by the Schantung Bergbau Gesellschaft. Time did not admit of my visiting the younger development at Poshan, but I may give a few brief particulars of the position there that were supplied to me. The coal production at either mine is one that closely affects the prosperity of the railway, and the development has been looked forward to with great interest. Around Weihsien district some 50 or 60 native shafts were worked on a small scale. The Chinese have indeed worked them for centuries, but no great depths were attempted by native methods. Water usually overtook them ere they got very far. Seeing what could be done by foreign methods there are now quite a large number of mines worked by foreign machinery.

At Poshan the development stage was still in progress, the output being 100 tons a day. The plant is all ready, and screening plant is being finished. There are two shafts, and these as well as other works, by the close of 1907, would have given the mine a capacity of 400 tons a day, had not an explosion considerably interfered with operations. Mixed with the Fangtse coal it makes good coke, the two amalgamating well as regards percentage of gas. The question of coke may be very important if the adjacent iron mine proves successful. It is situated about fifteen miles to the north of the Poshan mine, and the ore assays 60 per cent. of iron, without copper or sulphur. It is proposed

to use the gas extracted in making the coke for the boilers. There are five seams of coal situated in the mine running from 2 ft. to 8 ft. in thickness.

The larger mine adjoins the station at Fangtse, distant 183 kilometres from Tsingtau. The older mine, half a mile from the main line, consists of the Fangtse shaft, which has three coal seams, the No. 1 seam being three metres thick, and Nos. 2 and 3 each four metres thick. They lie at a dip to the north of 14 degrees. There are two levels: one at 175 metres, and No. 2 at 250 metres, where the pumps are situated. There is, fortunately, little water to be dealt with, the present quantity being only 60 gallons a minute. A new shaft, known as the Minna Shaft, was being made by enlarging the air shaft. This is intended for ventilation, and will be worked as a closed (air) shaft. At present the production of the main shaft is 500 tons a day, but with the new shaft completed 700 tons a day is possible, and very shortly 1,000 tons a day. The surface works are all ready, and consist of washing and screening plant of four sizes. All the coal, except the large lump, is washed. The last is practically the dust, and is passed on to the briquette factory, which has a capacity of 150 tons a day. This could, by a small expenditure, be doubled to 300 tons a day. The briquettes are of a high quality, containing 10 per cent. of tar, and fetching \$11 to \$12 a ton at Tsingtau.

The new shaft, known as the Annie Shaft, is situated on the north side of the railway, and strikes the No. 1 seam at a depth of about 340 metres. The quantity of coal extracted is expected to increase gradually up to the daily output of 1,500 tons. With the produce of the Fangtse shaft the whole output will thus be 2,500 tons a day. The washing plant to be erected at the Annie Shaft will be able to deal with the whole output, and if the briquette factory at the older shaft proves satisfactory a similar plant will be attached to the new shaft. Excellent buildings for the plant and shops are erected.

The coal itself is described as a good gas coal, containing 30 per cent. of gas, and as suitable for both steaming and household purposes. Before the full anticipated output is reached it will be a question of developing markets for its sale.

The staff comprises 50 white men. There is a school—a schoolmaster being one of the white staff—which has a present attendance of 10. The school apparatus seemed very up-to-date. There is also a very suitable building for a club, with bowling alley attached. The hospital and medical quarters are about half a mile farther on. The general manager, as well as the superior mining and office staff, are located on the north side of the railway, where they have excellent quarters with good gardens attached. They had not long been in this location, but trees and fruit have been cultivated. The soil seems excellent, and flowers, grapes, strawberries, and many other fruits abound. The climate is also reported as very healthy. The statement is made, and I can well believe it, that the general health of the white staff is much above the condition in Europe. As an aid to keeping the white employés in good health the company has provided a competent butcher and baker, in addition to which soda water can be obtained at a very moderate rate, as well as an abundant quantity of cheap and good ice, so necessary to preserve fresh provisions in the hot weather. A kind of co-operative store is also run for the general benefit, where goods and stores of all kinds may be obtained of good quality at cheap rates.

I will now pass on to mine development work in Central China. Nineteen hours from Peking suffice to reach the Honan works of the Pekin Syndicate. Only a few years ago the journey occupied some three weeks by native methods of travel. The distance is 450 miles. At Sing-hsiang-hien the line constructed by the Pekin Syndicate, and subsequently taken over by the Imperial Chinese Railways, intersects the Ching-Han Line, running roughly east and west from Tao-kow to Ching Hwa.

Proceeding in its westerly direction about 40 miles, you come to Chiao-tso, the village adjacent to which Ja-meisen has been established. Incidentally it may be noted that the mile of siding from Chiao-tso Station to the colliery head is the only piece of British-owned railway in China. The whole railway is nearly 100 miles. It has been paid for by the Chinese in 5 per cent. bonds, issued at 90 per cent. of face value, repayable in thirty years by annual drawings to commence in 1916. So far, the line has not been a very paying one, but traffic receipts are growing. It is said that the Chinese are disappointed at the results, but in the absence of the extensive coal traffic anticipated—that will some day eventuate—it is scarcely to be expected that the line should yield any considerable profit. The great present difficulty is that the railway practically begins nowhere and ends nowhere. To make it a paying proposition it would be necessary to prolong it on the one side to Tse-chow-fu in Shansi, a distance of 33 miles in a north-westerly direction from Pai-shan, the last station before reaching the western terminus of Ching Hwa. This is assuming that the Shansi coal and iron mines will be developed. On the eastern side the line should be prolonged to Ling-ching-chow at the junction of the Wei River and the Grand Canal, the object being to connect with the German railway at Tsinan, Shantung. This eastern extension is roughly 120 miles, but together these two additions should very materially add to the paying propensities of the line. The railway at present really forms but a short link in the long line of communications carried on by the carters. The cart hongs and the inns are, perhaps, naturally, very antagonistic to the railway, and there seems sufficient evidence to prove that the officials are interested in these institutions, so that their goodwill is not secured. The Syndicate wanted to make the station at Ching Hwa, outside the western gate of the city, so as to tap the cart traffic as it came in from Shansi and the west. Vested interests, however, were too strong,

and the station is outside the north-eastern gate. This means that the traffic must pass through the city for the benefit of inns and cart hong's. A factor in the matter is also that goods going by railway have to pay *lekin*. The carts either evade this impost or arrange at a lower rate. Certainly they do not pay the tax to the same degree as the rail-borne traffic. This would seem to show official connection, or "squeeze pidgin," with the cart hong's. It is the usual case of old "interests"; they are not exactly in keeping with new conditions.

One hears a good many comments from opponents of the Syndicate on the amount that the Chinese have had to pay for the line. It has undoubtedly been an expensive purchase, owing to some mistakes that were made in the earlier stages. The generally accepted report that a large profit was made on its sale is, I believe, however, not exact. I was positively assured that the Chinese had vouchers given them for every item of expenditure which entered into the total figure. Certainly they have now a good piece of work; the road bed, stations, and general conditions are well up to standard.

Before noting what has been done at the works at Ja-mei-sen (called after Mr. George Jamieson, C.M.G., ex-Consul-General at Shanghai) on the Honan Concession, I may say that a good deal of criticism has been levelled at the Syndicate alike by foreigners and Chinese. In a way it is perhaps unfortunate that development of the coalfield in Shansi was not undertaken before that of Honan. After the report of Mr. Glass, who visited the concessions in 1899, came Mr. Shockley's recommendation in 1900. He found the coal at the native mines in Honan to be soft and mainly in heaps of dust, though undoubtedly some good coal was then, and is now, as I saw myself, locally produced. He recommended that the Syndicate should go to the plateau in Shansi, in the neighbourhood of Tse-chow-fu, but that if operations were to commence in Honan the shaft should be sunk to the south-east of the existing native mines at Lao-niu-ho. Mr. Alexander

Reid, the succeeding engineer-in-chief, concurred in the opinion that the plateau of Shansi was the best locality, but also, that if Honan was selected, the site should be the same as that proposed by Mr. Shockley, *i.e.*, Ja-mei-sen. It was not possible for various reasons to take the railway to Tse-chow-fu (the plateau), and the vicinity of Lao-niu-ho was selected. I need not go through the various development works that have been in progress for some six years. The record has been given in the reports to the shareholders, in the reports by the engineer-in-chief, and the speeches of the chairman of the Syndicate. Many difficulties of disturbed ground and water were encountered. All that was known was that the native workings, with their ancient and primitive methods of dealing with water, were drowned out at comparatively shallow depths. I personally went down all the shafts. I could there see for myself from the drives that the strata are much disturbed in the immediate neighbourhood of the pits, but that at the 656 ft. level, at a distance of 60 ft. from No. 1 shaft, on the south side, strong coal existed, with a good black shale roof regularly stratified. The hope to be gathered from this was that the belt of disturbed strata, which ran from south-west to north-east, was not of great width. Since then another borehole showed good coal, and a shaft was sunk on the site. From last reports it is hoped that firm coal in paying quantities is now in sight. Drives of some distance may have to be made from the existing shaft; but this course will doubtless be less costly than moving the pithead works. In other respects the works are favourably situated for coal hauling. The drives, even if they are several hundred yards, would probably be through good strata, and the cost of endless rope haulage would probably be small in comparison with a change of site for the main works. Everything, in fact, is ready for the work, and the gear is on hand directly the coal can be won.

The men engaged in working out this problem in Central

China form a compact and strenuous little British community. They work well, notwithstanding the misfortune that has attended the prospecting necessary for final work, delayed and procrastinated as it has proved to be. Where the blame for non-success lies is not for a mere layman to say, but it scarcely seemed to be at the door of the working staff on the spot. Apart from the too glowing—or too sanguine, perhaps, is the better word—reports that have sometimes been put abroad, which have not always been conducive to the true interests of the Syndicate, misfortune and the unforeseen difficulties that are almost invariably met in opening a new coalfield, whether it be from faults of nature, excessive inrush of water, or other cause, account largely for the delay in winning coal.

Finally, I may note that considerable differences of opinion have existed between the Chinese authorities and the representatives of the Peking Syndicate, arising especially out of the terms of the Shansi Concession. Delays there were owing to the Boxer troubles, and to the fact that without facilities for transport it was no use mining in Shansi. Then came the new ideas of “rights recovery,” leading to intense opposition locally. Peking was either unwilling or unable, in face of this attitude, to make its writ run. Negotiations took place from time to time until a settlement was arrived at. The Chinese bought back the Shansi Concession, the Syndicate retreating the rights in consideration of a payment of 2,750,000 Tientsin taels, half the amount being paid on February 21st last, and the balance in three equal yearly instalments commencing May 19th, 1909. It is also stipulated that if, hereafter, the Shansi Province wishes to borrow money for mining, working iron, or transport of materials, negotiations must first be opened with the Peking Syndicate.

When it is contended, as was sometimes charged against the Syndicate, that they did not intend to work seriously in Shansi, it may be pointed out that the request

for the permit to work was lodged years before the repurchase. It had been recognised and promised in Peking, but the Shansi authorities refused to issue such permit. The non-issue led to the definite handing in of a claim, sanctioned by the British Government, for the delay. The claim was for £200 per diem, commencing from January 1st, 1907. This claim was merged into the final settlement. There was apparently intense opposition in Shansi, but, as usual in China, it was difficult to know whether the feeling was of the people or whether it was officially promoted. Previous experience shows us that the officials can control these ebullitions if they are so minded. Trouble where foreigners are concerned usually comes from either official apathy or official instigation. Compromise has been the end of the difficulty. In the solution Mr. George Brown (formerly of H.B.M.'s Consular Service in China), the Agent-General of the Syndicate in China, had to exercise great tact and patience.

Every well-wisher of the development of mines and railways in China, whether Chinese or European, all who look for a consortium of foreign capital and experience with Chinese to work the ground lying available in China, must regret the arrangement arrived at. The anticipated inviolability of a contract ratified by Imperial edict (a document supposed to be irrevocable) is met with a refusal to comply with its terms, though the Syndicate showed a disposition to modify them in favour of Chinese. Meanwhile it is useless to disguise the fact that the whole business had a bad effect on the Chinese; they were inclined to jeer, and they used the argument that other enterprises of a similar character could not be entered into because of the non-success and waste of time in development. The troubles of 1900 were responsible for the initial delay; lack of communication to get out the products and Chinese opposition account for most of the rest.

I have already alluded to the Pinghsiang mines in Hunan, worked by a German staff, to supply the needs

of the Hanyang Ironworks. Foreigners are not intimately associated with other coal-mining schemes in China, but it may be noted that the Japanese have succeeded to the Russian rights in the great mine at Fushun, in Manchuria. Development is being proceeded with, and a great output may be anticipated.

CHAPTER XIV.

SOUTHERN MANCHURIA.

The Hsinmintun-Mukden Line—Consulates at Mukden—Manchurian Government Reconstituted—The ex-Tartar-General—Improvements in Mukden—Manchurian Trade—Chinese Dishke of Japanese—South Manchurian Railway—Liaoyang—Newchwang—Improvements and Trade—Antung—Tairen (Dalny)—Russian Expenditure—Trade—Harbour—Port Arthur—A Reception by the Governor-General—The Naval Port—The War Museum—The Battlefields—Japanese and Russian Dead.

My arrival at Hsinmintun by the North China Railway took place two days after the transfer of the short, narrow-gauge line, running from there to Mukden, had been effected by purchase from the Japanese authorities. I was accordingly more favoured than most other foreign travellers, for the appearance of the Chinese railway authorities signalled the introduction of first-class carriages. Hsinmintun figured prominently in the war, and achieved a good deal of prosperity. It is a considerable mart, but the through railway transit will naturally affect it somewhat. Traffic seems considerable with Mukden, judging by the length of the train—there were 20 cars—and the numbers on it. Of the line little need be said, the road bed was only moderate, and the travelling rough. The best bit of work seemed to be the long wooden bridge over the Liao River. This was not intended to be a permanent structure, though it looked good for a few more years. The administration of the Imperial Railways of North China soon took the line in hand, and it was relaid standard gauge. It took slightly

over three hours and a half to do the 37 miles to Mukden. The station is alongside the South Manchurian Railway line, as the Japanese portion of the Chinese Eastern Railway is known. From the station to Mukden, a distance of nearly three miles, a broad road, kept in order by armed Chinese police, was being macadamized by a Japanese firm, which was also metalling the main roads through Mukden, running north, south, east and west. Passing along this road from the station one sees a good many Japanese who, after leaving Hsinmintun, are in increasing evidence. Mukden has a fairly good wall, and outside again, enclosing a suburban area, is the mud wall. Just before this is reached on the road from the station, the flags of the German and United States Consulates are to be seen. The former is in a fair Chinese house, and the latter in an almost new, and fine, building, which is the ancestral tablet hall of a wealthy family. The Japanese possess the best Consulate buildings, having stepped into the former Russian quarters; the British Consul-General resides in one corner of a large grain hong not far away, whilst the Russian Consul-General is only somewhat poorly provided for in the semi-foreign Chinese style of hotel, which—like all the consulates—is in the western portion of the extra-mural city. In connection with the acquisition of its consulate compound I may remark that the Japanese were also in possession of several former Chinese yamêns and buildings that were in forcible Russian occupation. As the Russians had in many instances no title but that conferred by *force majeure*, the Chinese were endeavouring to get the return of these buildings and properties, to which they seem to be undoubtedly entitled. The improvements in the roads about the city are bringing many rickshas on to the streets, and carriage traffic, other than the usual North China carts, will doubtless make headway. The police about seem fairly efficient; drainage has been laid in the streets, and the good work done by the Japanese, in the matter of sinking wells to provide potable water,

is being kept up by the Chinese, and has had an effect in reducing sickness. The best street of Mukden, where the better shops are, is Szepingkai, a combined Regent Street and Lombard Street, for here also are the bankers, and in their midst is the branch of the Yokohama Specie Bank. The street, which is in fairly good order, runs between the Bell Tower and Drum Tower, two picturesque erections within the walled city. Brothels and gambling dens, the latter generally kept by Japanese, the Chinese being much better under control, seem to abound. Another matter, of which better-class Japanese can scarcely feel proud, is the fact that the number of Japanese prostitutes in Manchuria has been officially given as 8,000.

Mukden, in common with a number of other cities and towns in Manchuria, has been opened to foreign trade. Having done this the Chinese immediately wanted to make the privileges that apply to Treaty Ports only operative to the Settlement areas which were to be marked off. Goods going into the town would, of course, be mulcted straight away for their first *lekin* payment. The British contention now, as it ever has been, is that it is the city or town in each case which is opened. The device of opening a city on the proposed lines, whilst in reality tending to keep it closed, is purely Chinese. It seems absurd that the Chinese can hold out on the subject of residence when the Japanese are residing and carrying on trade all over Mukden. With the Treaty Ports the Customs is being inaugurated. For this purpose the large district of Manchuria has been divided into four divisions: Antung-hsien and Tatungkau first district; Mukden, Liao-yang, Hsinmintun, Tieh-ling, and Faku-mên second; Kirin and Changchun (Kwang-cheng-tse) third; Harbin, Tsi-tsi-har, Suifenho and Manjuria fourth. The Commissioners will doubtless have many points to decide. In postal ways much is being done. Mr. Watson, the Postal Commissioner, had to make arrangements for opening 148 offices in Manchuria, of which, at the time I was in Mukden, 48 had already commenced to operate.

TEMPLE OF LITERATURE, MUKDEN



The war naturally greatly disorganised the budding postal service in Manchuria.

In the middle of 1907 the Government of Manchuria was reconstituted. There is now a Viceroy, H.E. Hsü Shih-chang, and subordinate to him is a Governor for each of the three provinces. The best-known of the latter was Tong Shao-yi, whose province was Fêngtien—the most important having Mukden as its capital. The appointment of a Viceroy was different to former custom. In the past it has been usual to appoint a Tartar to the post of Tartar-General of Manchuria. The last of such appointees, H.E. Chao Erh-hsun, was, however, a Chinese Bannerman, which appointment was in itself an innovation. Now a pure Chinese is given the post. It is a sign that times have changed, whilst the Court in this instance freed itself from the allegation that for many months it had bestowed all important posts almost entirely on Manchus.

His Excellency Chao Erh-hsun, the last to hold the post of Tartar-General, who was leaving Mukden shortly after my visit, certainly left his mark on the Manchurian capital—a mark that would doubtless have broadened to other parts of the country had his tenure of office been of longer duration. He has done a great deal to improve the roads of Mukden, has renovated many Government buildings, including the Palace, was about to repair the city walls and the guard-houses, has put down the robbers, fostered education, and in many ways was doing really good work. His intention was to have extended such works to other towns within his jurisdiction. He despised the waste of time that usually took place over useless formalities. Consequently, he dispensed with much of the formal etiquette that achieves nothing. He notified the officials that he had no spare time to waste on formalities of an aimless nature, and he went about the city attended by a single outrider instead of a hundred odd rascals, in variegated raiment, of ragtail and bobtail nature, that accompany high Mandarins.

Roads are one of the great wants of Manchuria. He had made a commencement in this way, and had been desirous of tackling the other pressing want of the country, which is a decent currency system, in which the augmenting trade can be carried on. In Mukden you will find Mexican, Hong Kong, Peiyang, Fêngtien and Kirin dollars; War, Specie Bank, and Fêngtien bank-notes; local cash, tael, and sycee notes. Hong Kong dollars gave the best value, and were generally at a premium, Peiyang and Mexican were on an equality, whilst the others were at a discount, taking the Mexican as the standard. Small silver coins have flooded the country, though the Mukden (Arsenal) mint, like most other provincial mints, was closed. Certainly currency wants putting in order. The general impression prevailing, I found, was that if a well-known bank would issue notes, payable in Mexican dollars, and be prepared always to redeem them on demand at their full value in Mexicans, that such currency would command a ready acceptance, and be conferring a benefit.

As the theatre of the Russo-Japanese war, Manchuria has had a great deal of attention drawn to it. At the same time that its immense possibilities for trade were pointed out great hopes of immediate and great forward development, that have scarcely fructified, were entertained. The principal goods coming into Mukden are foreign yarn, kerosene oil, flour, and piece goods, which come by way of Newchwang; grain from the neighbouring districts and from Hai Cheng and Kai Ping; coal from the Eastern hills; native cloth from Shantung and Chili; native opium from the province of Kirin; foreign opium from Newchwang; tobacco leaf from Kirin and Tieh-ling and the surrounding districts; and raw cotton, cotton fabrics, sea products, papers, cigars, and cigarettes from Japan and by way of Tairen.

Manchurian trade has improved, though all that was anticipated when the war was concluded has not eventuated. Japan has benefited, but she has certainly

not done so to the extent that one would have anticipated with the opportunities she had. Two large well-known Japanese firms had opened. There were plenty of petty traders, contractors, barbers, storekeepers, but except in numbers they did not bulk greatly. It may be that the lack of capital accounts for part of this, but there were not wanting those who attribute the fact that no more had been achieved to lack of business capabilities. The larger firms show these qualities often in a conspicuous way, but the bulk hardly exhibit them to a degree that brings an adequate reward for the blood and treasure that have been expended. It is evident that the Japanese have captured none of the Chinese trade in Manchuria; Chinese are not to be beaten on their own ground any more than they were to be ousted from the bean-cake business at Newchwang to South China, into which trade the Japanese essayed to enter, but had to relinquish the attempt in a very few months. It is true that by means of exhibitions at Mukden, Antung, and elsewhere, and by advertising means, much has been done to push Japanese goods; but even here the Chinese threaten to go one better at Mukden. So, too, with foreign merchants: they can also have their share if they are willing to go out and get it. It cannot be got solely from Shanghai, or even Newchwang. As the American Consul-General has pointed out, what is required is that firms established at the port of importation should have a foreign representative travelling in the interior, and native agents at Liao-yang, Mukden, Kwang-cheng-tse, and similar centres. The charge made against Japan that she was not playing the game has not been brought home. It has produced the Scotch verdict of not proven. The Japanese now see that they are likely to profit more largely by offering inducement to foreigners to share in the trade. The more that is developed the greater will be their portion. They have not the capital to advance the country, and without that capital the great stake they have, as, for instance, their one great asse t

the railway, is not likely to be as profitable as it otherwise would be to them. It will certainly be wiser in their own material interest that foreign enterprise should be welcomed.

This fact is fully recognised in many important quarters in Japan. A high official has pointed out that those people who distrusted Japan's adhesion to the open door policy, did not give the Japanese credit for common sense, or for being clear-headed; they knew that claims to preferential rights in trade would alienate friendly nations, and would give rise to complications; and that, as Japan could compete for the trade of China on favourable terms without any preference, owing to her proximity, her plentiful supply of cheap labour, and the advantage a similar script conferred, they would rely upon their natural and not upon artificial advantages.

A factor that the Japanese will have to surmount is the undoubted want of goodwill of the Chinese, amounting often to intense ill-will. China herself has exchanged the non-commercial Muscovite for a nation rapidly rising in the industrial world. But the Chinaman does not love him for this. Japanese have earned no extra love from the inhabitants of Manchuria from the way the lower Japanese orders have behaved to the people. It is quite usual that the best elements of any nation do not follow in the footsteps of an army. Japan showed no exception. These elements were not controlled by the military authorities, who, till little more than a year ago, were the powers that be. The actions of the lower classes have been passed over; land appropriated without adequate payment; buildings occupied or even taken; whilst Chinese ideas of propriety have been outraged by the open and unblushing way the 8,000 courtesans ply their trade in the country. The military have held none of these things in check. It is not unusual, of course, that conflict between military and civil authority is constantly present when both are on the same ground. With the military rule terminated, we may look for an

improved condition of affairs, and that the behaviour of the lower orders will be better. The Civil authority intends, if possible, to put a stop to abuses that have been allowed to go on too long unchecked. It has been the licence allowed lower class Japanese in their treatment of the Chinese population that has led to much of the bitterness of feeling that undoubtedly exists. The condition of things, I must in justice remark, is much deplored by many higher official Japanese.

Exclusive of the military, the present Japanese population of Manchuria is about 30,000. A considerable proportion are men engaged on the Manchurian railway works. The line has been relaid to standard gauge. When the Japanese first gained possession they merely changed one line of rails to their own 3 ft. 6in. gauge from the Russian 5 ft. gauge. As new locomotives and rolling stock have arrived travelling is now comfortable. The railway had an energetic official as its president. Baron Goto, now the Minister of Communications in Japan, had the reputation of being a good organizer and administrator, and he worked hard in the company's interest. Of the rest of the Japanese population there are about 8,000 at Antung, and 5,000 at Yingkow. If the mining fields along the Mukden-Antung light railway (which in due course will also be converted to a standard gauge line to link up with the Korean lines) are developed, further numbers will be attracted. Discussion has been going on for a long time for jointly working such mines with Chinese and Japanese capital.

On leaving Mukden for the south, the scene at the station attracts attention. There are plenty of travellers, and a long queue of passengers getting tickets is formed a good half-hour before the train is due to start. The country traversed is, of course, historically interesting, but otherwise needs no particular description. You pass the branch line for the Fushun coal mines, the Hun River bridge, with the temporary wooden construction alongside. The city of Liao-yang is the only big place passed

on the way to Newchwang, but movement is evidently growing at other centres. The buildings at the stations are the Russian constructions, and where they were damaged by the war they have been supplemented by wooden structures. These are being put in order by the company. At Liao-yang the battle named after it makes the city historically interesting, especially as it was the only battle practically won by the Russians, had the Russian Intelligence Department only been alive to the fact that it had been won. At Ta-shih-chiao I left the train (which passed on for Tairen, and Port Arthur), taking the branch to Yingkow (Newchwang). Manchuria in general is bound to prosper with the soil and climate it possesses. Permanent immigrants are coming in in larger numbers, though it is difficult to get sufficient farm hands at harvest time, because labourers are taking up land for themselves. Isolated farmsteads are becoming hamlets, and hamlets growing into villages. On the other hand brigandage prospers; a strong hand seems to be needed around Harbin: taxation ought to be lighter, especially in Fêngtien; but withal there is still steady progress for a territory that may well become a second Canada in wealth and prosperity.

Having made considerable strides ahead in recent years, Newchwang had a slight halt called to it at the time of my visit. It must be remembered that the port itself is not a great consumer of imported goods, and depends for its prosperity on its power as a distributing centre. The Russian occupation, since Boxer days, and the vicissitudes of the war, brought it a certain prosperity. With the growth of railway communications trade has grown, though the cart traffic in the winter, and the boat traffic on the Liao in the summer, are still great factors. The last few years have robbed Newchwang of being the only inlet to Manchuria. It shares the trade with Tairen (Dalny), Antung, Wladiwostock, Harbin, and the North China Railway. Each is seeking to gain its own share of the trade, but Newchwang has probably

felt the competition of Tairen most of all. Newchwang need not, however, despair by any means. Its position has been somewhat altered in regard to being the sole inlet for Manchuria, but it is not eclipsed. In the trade to come there will be room for both Newchwang and Tairen as well as the other contributors. Newchwang feels a little doubtful of itself, but its nervousness is scarcely warranted.

The Russians did a little in the way of public works, but the Japanese, during their occupation, expended a fair sum for the amount they collected from Native Customs. They started road construction, which makes locomotion in the wet season less objectionable than formerly, though I may remark there is yet room for improvement. There are many new buildings, and the Yokohama Specie Bank is following the lead of its Russian competitor by putting up a building on what, strictly speaking, is public ground. The old temple at the back of the Customs was turned into a Japanese school, whilst the Russian concession higher up the river has become a veritable Japanese town. It is to be hoped that the railway station at Niuchiatusun, which is the terminus of the branch line from Ta-shih-chiao on the main line, will also be brought down nearer the foreign quarter. The other (North China) railway, which has its terminus on the other side of the river and below the settlement, has put on a serviceable free ferry which is patronised liberally, whether by travellers on the line or others. Material development in other directions has also taken place.

A new feature in the foreign trade of the port, and one that is likely to develop, is that main line steamers are now taking to call at Newchwang. Flour and timber have been the commodities mostly imported, but with direct trade facilities other articles bid fair to be added to the list. Wharf accommodation is being more largely provided. On the other hand, a danger threatens the interests of the port from the behaviour of the River Liao. The Customs Hydrographical Department has already

been studying the question, and it is hoped will devise measures to conserve the river.

One other matter may be referred to as having an effect on Newchwang. With Dalny ice-free, Newchwang has turned to Ching-wan-tao as a possible means of assistance to itself in winter time. Practically it asks for the same treatment in Customs matters as is accorded to Tientsin goods shipped *via* Ching-wan-tao. One would think that the Chinese would favour their own port as against Tairen; only Chinese are not always given to seeing such matters promptly, even when their own interests are affected. Roughly, what Newchwang asked for was, that goods shipped, or transhipped, from Treaty ports in China for Newchwang *via* Ching-wan-tao, be treated by the Customs at port of shipment as through cargo, and Customs through certificate issued.

Time did not permit of my paying a visit to either of the new Manchurian ports of Antung or Tatungkau. A memorandum on the former port, drawn up by Mr. Geo. L. Shaw, has been placed at my disposal. Antung was opened by the new Chinese-American Commercial Treaty of 1903, but the war between Japan and Russia following before anything had been done to open trade, matters were delayed. The Chinese, as usual, showed no alacrity in furnishing the Customs staff to open the port, or marked off a foreign settlement. It was not until May 1st, 1906, that foreigners could go to reside there, but it was a year later before the Customs House was opened. In the meantime the Chinese conceded the right to the Japanese, or others, to import goods from Korea on a reduced tariff amounting to two-thirds of the ordinary tariff, as provided in the case of land-borne goods from Russia, or in Yunnan from either Burma or Tong-King.

Antung is on the right, or Manchurian, bank of the Yalu River, and has a Chinese population of about 25,000. The Japanese have a settlement where about

8,000 people have settled. There only remains a low-lying piece of ground between the Chinese town and the Japanese settlement available as an International Settlement. This would have to be filled up to prevent annual flooding. But there are other objections, the ground being more or less a sewage swamp, that would doubtless prove most unhealthy.

The Customs at this border town will have to maintain a very large staff if they are to be successful in checking petty smuggling. For many generations the Korean and Chinese traders have been in the habit of crossing, from one side of the river to the other, to trade, without any interference from a Customs officer. It will be exceedingly difficult to watch the entire river frontage, and search each boat that crosses over from Korea, and still more so to attend to each individual. It is during the winter, when the river is frozen solid, and Chinese and Koreans are able to cross at all times, that the Customs of both Governments must be especially careful.

The terminus of the trunk line, running through the entire length of the Korean peninsula, is opposite Antung, and when the river is bridged the system will be connected, after the Antung-Mukden line is widened to the standard gauge. Post, telegraphs, and telephones are in Japanese hands. The currency is nominally silver, but coins above the value of c.50, excepting sycee shoes, are not to be found. Currency badly needs to be put in order. The Yokohama Specie Bank and the Dai Ichi Ginko are established here.

As provided for in the agreement between Japan and China of December 22nd, 1905, relating to Manchuria, the Japanese have selected and acquired a site for their exclusive use as a settlement. This settlement has developed quite rapidly, and has been well laid out. In two years about a thousand well-built Japanese houses were erected, roads laid out, bridges built, and even trees planted. A trench has been dug all round the settlement to act as the main drain, and the earth excavated made

use of for an embankment to protect the site from floods. This is a very important and necessary piece of work, to render the site habitable and healthy. A pumping station, with a set of powerful pumps, has been provided to pump the water when necessary. As this settlement is exclusively for the use of the Japanese, subjects of other Powers are not permitted to own land in it. A number of Chinese have, however, built houses in the area, and there is a special quarter for Chinese in this Japanese settlement. There is no difficulty for foreigners to obtain both land and houses from Japanese landlords at, of course, greatly increased rates to those charged by the authorities in the first instance. The site is certainly the best, and the Japanese deserve every praise for the lavish expenditure of money on the improvements mentioned. The buildings are extremely well-built for Japanese houses, the shops and bazaars are attractively arranged, and every attention paid to Chinese ideas. Every shop attendant, whether man, woman, or child, speaks Chinese, and a large percentage of the Chinese traders have picked up Japanese. A large public school, for both Japanese and Chinese boys, under the Japanese Municipality, was opened in October, 1906. A public hospital, with the best and latest equipment, was completed earlier in the year; the buildings of this institution cover half an acre, and the compound is over five acres.

The Japanese military authorities, during their occupation, granted to joint Japanese and Chinese corporations exclusive rights for various public institutions, such as the market-place, landing pier, trolley system, etc. It is to be hoped that both the Japanese and Chinese authorities will place these corporations under proper control. With the establishment of the I.M. Customs there will, no doubt, be a public pier under their control for landing and shipping cargo. It will not then be necessary to land cargo on the present private Corporation's pier, and pay them dues for doing so. There need not be any objection to the market-place and slaughter-

house being in the Japanese settlement. All animals (pigs principally) were sent at regular hours to the slaughter-house in the Japanese settlement, for both Japanese and Chinese consumption, and much praise is due to the military authorities for enforcing excellent sanitary arrangements.

The land purchased by the Japanese Government for their railway terminus is a very large compound, provided it is all used for such. Beyond the boundary of the railway company's property the river frontage has also been bought by Japanese. The entire river frontage, from the supposed boundary of the probable International Settlement down stream for many miles, is under Japanese control.

Reverting to Newchwang, whence I took my departure, I would note improvements are steadily in progress on the South Manchurian Railway. They will, doubtless, revolutionize the travelling on the line. Under the arrangements a year ago, a moderately early start was necessary when leaving the foreign quarter of Newchwang for the station at Niuchiatus, three miles or so distant. Here you get the branch line train to Ta-shih-chiao and join the trunk line there. When it was narrow gauge it took about 13 hours to do the distance to Tairen (Dalny), and you had to take your food on the train. Dining cars have now been added to the other improvements. With a standard gauge line and up-to-date corridor carriages the going is not bad. The country traversed was fairly interesting, moderately broken, and at times approaching picturesqueness. It becomes more *accidenté* as you get further south. You pass by the historic battle-grounds of Wha-feng-kau, Telissu and Nanshan, and the abandoned Lushang coal mine. Just as dusk came, and the electric lights of Tairen were illumined, at the close of a long summer's day, we reached the station there.

It is well-known that the Russians expended many millions of roubles on the construction of Dalny, but the

task of forming the new city was still far from complete. The position remains that it is a town in the course of formation, and that in engineering parlance it has not yet settled down to its bearings. The South Manchurian Railway is the great factor ; it is the *deus ex machinâ* : the fairy godmother—to create and bestow all the good things. Baron Goto, then president, was energetically knocking the concern into shape, but it takes time and money. To the company the whole of the old Russian Administrative quarter of Dalny was handed over. A needed want was a decent hotel, and a large building was converted where foreign guests could be adequately provided for. Here, as in many other towns that the Japanese captured during the war, one saw the light narrow gauge railway all over the place. Japan abroad is a great exponent of these light railways, even if the streets are often incommoded as far as other traffic is concerned. The roads are moderately good, but want improving. The regulation for broad tyres on the wheels of all cargo vehicles continues in force, and prevents the roads being cut up by the narrow tyres of the North China cart. There is one really good road out to Tiger Park (so called because a tiger is kept in confinement there, and is a great source of interest to all natives). The road and the park were a legacy from Russian times. The former rulers gave three parks to the town, of which Tiger Park, on the outskirts of the present town, is the largest. The market is extensive and kept in good sanitary order, which is one of Japan's specialities. The Russians, like the Germans at Tsingtau, kept all the Chinese in a separate district, and did not permit of their promiscuous residence anywhere in the town. Japan has somewhat modified the regulations, and permits a certain number of Chinese to live within the town. It obviates some of the inconveniences of the restrictive method, but they have to conform to sanitary and other regulations. Japan is generally carrying out the scheme of roads and the plan of the town as laid out by Russia,



LIEUT.-GENERAL BARON OSHIMA, GOVERNOR-GENERAL OF
PORT ARTHUR.

the definite sections for particular purposes, such as administrative quarter, residence quarter, etc., are, however, not strictly adhered to. The centre of the city with its circular enclosure is being retained, though as yet it is not built round. A good deal of money will be required to complete the scheme.

The figures of the population were given me as 10,000 Japanese, a like number of Chinese coolies, and 3,000 Chinese merchants and traders. I am sorry to say a good many complaints are made as to the behaviour of the lower class Japanese, regarding their treatment of the Chinese. Any Chinaman who can make himself understood to a European will go out of his way to tell you what a bad man the Japanese is. The lower orders here, as elsewhere in Manchuria, are responsible for this widespread opinion.

At the present time one bank monopolises such business in the place. This is the Yokohama Specie Bank, which appropriated the half-completed structure for the Russo-Chinese Bank. Presumably compensation was made, as the building was the private property of the bank. What is wanted is that more foreign firms should establish themselves; but the inducements held out at present do not seem great. The lease question is one stumbling block. Firms can scarcely be expected to lease land and put up buildings when they are subject to be turned out at a month's notice. The Japanese Government wants to guard itself against the possibility of future claims, but it can scarcely be expected that firms will embark money on so precarious a holding as is offered at present.

The residence of the Governor-General of the leased territory of Kwan-tung (Eastern country), who is naturally a military man, is at Port Arthur. It seems quite right and proper that the Military Government should also be at the same place, but there are considerable inconveniences attaching to the fact that the Civil Government is also located at the fortress. One of the high officials

resides at Tairen, but he has to make constant visits to Port Arthur, a proceeding that involves the loss of at least half a day. I may note that the Civil Government of Kwan-tung costs at present 3,500,000 yen a year, which seems a fairly large sum (no military or naval expenses are included in this amount) when we bear in mind that Japanese official salaries are, as a rule, only of modest dimensions. The revenue, consisting largely of the land tax, is only small, and bears a slight percentage to the expenses. It is hoped that a considerable source of revenue may accrue from the manufacture of salt in the leased territory.

The Russians had expended a good deal of money on the creation of a harbour at Dalny. The works constitute three sides of a parallelogram, having the north side open to the bay (Ta-lien-wan). The south side, having a length of 1,225 ft., is practically existing land, whilst what is known as Head Wharf on the western side is a pier 1,886 ft. long and 336 ft. wide. Along this are railway lines, road, and good corrugated iron sheds. The eastern wharf on the other side runs out for rather more than half its length parallel to the Head wharf, and then turns slightly outwards. The railway, road, and sheds find accommodation also on this. Between them and the southern base a large area of water is practically enclosed, and the total quay space provided amounts to 6,540 ft. At the end of the Head Wharf there is 23 ft. of water at low water springs, the bulk of the rest of the quay space providing 18 ft., whilst there would be room also for two or three vessels drawing 20 ft. At present the charges for storage are 2 sen per day for 6 sq. ft. of ground in covered sheds, and 1 sen per day for like space in the uncovered ground. The wharfage is 5 sen per gross ton. The charge for putting general cargo over a ship's side is 15 sen per ton, but in the case of heavy goods there is a sliding scale, as follows:—Heavy rails, etc., under 1 ton, per ton, 0.30 yen; heavy and bulky cargo under 3 tons, per ton, 0.50 yen; other rates on up

to 4 yen for cargo under 30 tons. These charges are for cargo landed with "the ship's gear." The breakwater outside is somewhat out of repair; while certain of the berths at the wharf itself are so exposed to the north and north-west winds—the prevailing winds of winter—as to render it necessary sometimes for ships to cast off and anchor in the stream. The harbour is also to a certain extent frozen during the severest part of winter, but the ice scarcely forms a lasting obstruction to navigation. The port contains one dry dock which also belongs to the railway company. Its dimensions are: Extreme length, 422 ft.; length, 381 ft.; breadth at entrance, 42 ft. 11 in. (at bottom); depth on sill at high water O.S.T., 19 ft. 9 in. The docks have now been leased to the Kawasaki Dockyard Company, of Kobe.

It took some three hours by railway to reach Port Arthur from Tairen, passing over much ground rendered historical by the great siege. Port Arthur has many good buildings erected during the Russian occupation. Climatically most of the Japanese said they much preferred the port to Japan, whether in winter or summer. The large hotel in New Town has been converted into the Civil Government buildings, the club is now the residence of the Governor-General Baron Oshima, the Russo-Chinese Bank has been converted to the uses of the Yokohama Specie Bank, and the restaurant next door becomes a Japanese hotel—not very elaborate, it must be admitted.

There is a fine park (Russian work) where we were fortunate enough to be present at a garden party given by Baron and Baroness Oshima. Some 600 guests were present, including, perhaps, a dozen or so foreigners. Many of the guests had been conveyed by special train from Tairen. It was the first large entertainment given by the Governor-General; it was, in fact, a great social event as well as a most successful entertainment. Japanese wrestling and fencing were provided, and bands and kiosks where Japanese cakes, sweets, syrup,

soups, and other good things were dispensed, were scattered about the grounds. A more solid repast in the shape of a cold collation in foreign style was provided in a large marquee, and here the Baron welcomed his guests. At the close of the repast a procession, representing the different nations of the world, paraded between the tables. Practically all the States of Europe and America, as well as many Oriental nationalities, figured in the "walk round," which caused great merriment. Some represented ladies, and their "lash up," as a sailor would term it, was certainly humorous. All in the masquerade were members of the band, the idea having originated with the bandmaster. Afterwards they went through, in faultless style, the lancers and a quadrille in the grounds to the music of their naval *confrères*. It provided great amusement, as well it might, to the Japanese guests.

Port Arthur has altered little since it changed ownership. Scaffolding on the half-completed houses remains as it was when the siege ended. Some shell holes in buildings were repaired, but many remain. The seaward forts, which were scarcely touched in the war, have had any necessary repairs done, but no reparations have taken place to the great forts or works to the rear on the landward side. Of business there is practically nothing. The Japanese authorities do not permit it; all is transferred to Tairen. The imports, which amount to \$100,000 a month, consist practically of foodstuffs, and other stores for the garrison. Exports consist of iron, copper, and brass picked up by the industrious Chinaman from the battlefields. The more gruesome export of bones—human bones, unfortunately—which went on for some time after the war, has ceased.

Practically nothing is being done to develop the naval side of the port. Its restricted area, narrow entrance channel, where many of the vessels sunk to block the entrance during the war were yet to be seen, and the proximity of Japan, with its fine dockyards and appliances, rendering it of comparatively small convenience.

A great deal would have to be expended on dredging in the west harbour to give more room, but at any time the entrance is so restricted as to make the ingress or egress of any considerable fleet a matter of much time and anxiety. The dockyard remains to be effective for certain repairs, and the dock was being taken in hand.

Before visiting the scenes of the desperate fighting that took place around and about the forts that defended Port Arthur on the landward side (for facilities for seeing which, and for full explanations, I am much indebted to my Japanese hosts), one is taken to see the museum of the war at Port Arthur. It is not a very pretentious building, but it serves to bring back a whole flood of memories. In the grounds around are constructed specimens of abbatis, wire entanglements, bomb-proofs, shelters, trenches, and sandbags, besides a great collection of damaged land and naval guns, some with their muzzles shot away, shattered carriages and wreckage of all and every class taken from the forts. Inside is a collection of various arms, shell, and other ammunition, colours, uniforms, and accoutrements of every description, both Russian and Japanese. It will be borne in mind that many of the trophies were removed to Tokyo, where they are displayed in the Military Museum at the Kudan, in the Shokonsha. Above all, two models each of the Tung Kikwan Shan (East Cock's Comb Hill) and the Er Lung Shan (Two Dragon Hill), will enable one to get a grasp of the wreckage that was caused by the explosion of the huge charges of dynamite, and the great shells. They are the work of a corporal of Engineers. They show the fort as constructed, with all the solid masonry and other work, the wire entanglements, fosses and obstacles, and the same works as they appeared when captured, with all the trenches and saps made by the Japanese. Excepting the removal of guns as trophies (a few are left), and the cleaning up of the forts from a sanitary point of view, they remain now as captured. Small objects may yet be picked up as mementoes, even

live hand grenades and miss-fire small shells, but it is well to give some of these a wide berth. Broken bottles, empty tins of various kinds of Russian preserves, bones, portions of accoutrements, and other *débris* are also to be seen.

It is an interesting drive out to the group of forts of which the East Kikwan Shan was visited first. This fort was taken on December 18th, 1905. It was here that the heroic Kondrachenko was killed. This fort had contained 47 guns of various sizes, but when captured only 10 remained. The rest were blown away or buried beneath the *débris* with many a gallant defender. The next of the mighty ones to succumb was the Er Lung Shan, which was exploded late on December 28th, and occupied the next day. So Shu Shan was taken two days later, and Bodai, or Commanding Hill, on December 31st.

A long drive out in a westerly direction next morning brought us to 203 Metre Hill. A glance at a contour map shows that this is the key to the whole defence, and as you stand on its summit this comes home to you. Attack after attack was made to gain one or other of the two humps which, with a connecting saddle, form the crest of the hill. With the possibilities that attached to the advancing Baltic Fleet Admiral Togo asserted it was absolutely necessary that this eminence should be gained, so that the fleet sheltering in Port Arthur could be disposed of. The attack began on November 26th, and continued without intermission day and night until December 6th, when possession was gained of one of the two (the most westerly) humps. The total loss came to the great number of 17,196, of which over 5,000 killed, 12,000 wounded, and 140 missing. The reward came by December 8th—that is, only two days later—when most of the warships in Port Arthur were sunk, and all practically accounted for. It was only after ten days' more fighting that the other hump was taken, but on the first hump a shell-proof observatory was constructed

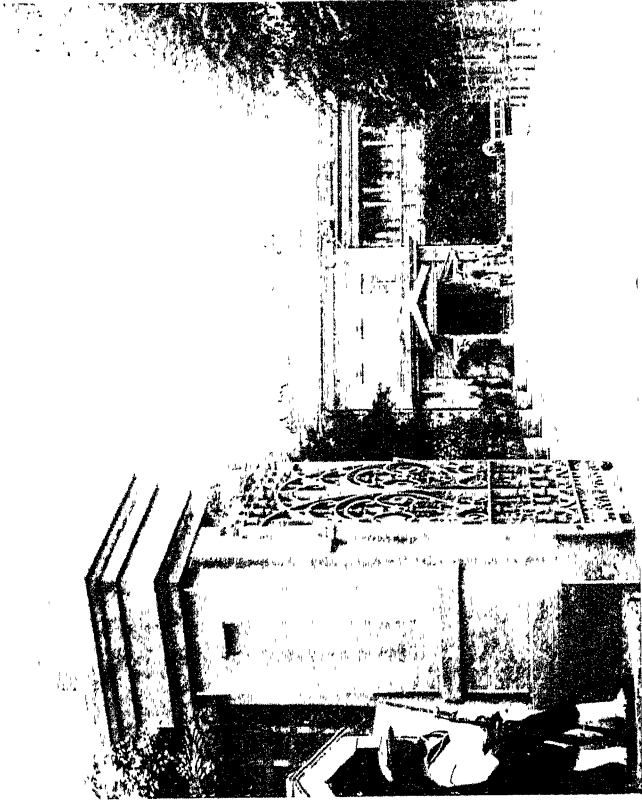
from whence the fire of the big guns stationed at the rear was directed on the fleet.

From the spectacle still to be seen on this hill some of the grim incidents and the intensity of the fighting on both sides may be gathered. The rocks are pounded to the size of road metal, and the whole ground is a mass of stones. Not a blade of grass has yet appeared. The massive trenches, many feet deep, and of solid construction, are simply shot away into the hill side. Here, as at the other forts, what impresses one most is the great silence in contrast to what the inferno must have been during the intensity of the terrible struggle. By contrast to what the scenes and sounds must have been, through so many days and nights of carnage, the quietness, and peacefulness, provide the greatest impression. The surrounding villages also show no signs of the struggle, and Shui-shi-ying, where the preliminaries of capitulation were carried out, and that had only one or two undamaged houses left, is now built up and bears no traces of the ravages of war. And yet the total loss of life on the Japanese side in the operations had been 16,044 killed, 45,042 wounded, and 332 missing, a grand total of 61,418 persons. This does not include the great losses by sickness that were occasioned by beri-beri. The total loss may be set probably in round figures at about 100,000 men.

The Japanese were greatly considerate of the remains of their own and the Russian dead. Owing to the risk and to the frozen state of the ground, as well as the precipitate advance to the north for the battle of Mukden, as soon as the fortress had fallen, the bodies were only hastily interred, so as to prevent a pestilence. Men were buried in groups near where they fell. General Oshima gave orders for the fitting re-interment of the slain on both sides. The Russians were buried in the old Russian cemetery at Antu-shan, nearly 15,000 officers and men being transferred thither. On the opposite side of the stream the Japanese also received re-interment, and in

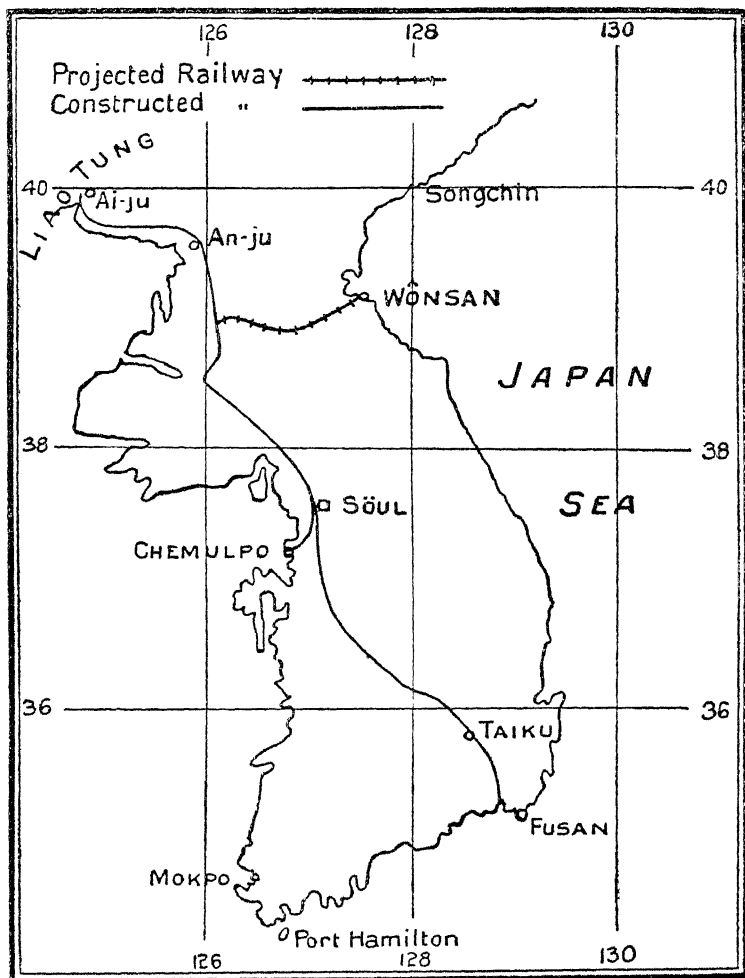
either case a monument was erected to mark the spot. This was formally consecrated in June of this year, 1908, amongst those present at the ceremony being General Nogi and Admiral Takikawa on behalf of Japan, and General Gerngross and Admiral Matoussevitch representing Russia.

I could not help reflecting that in the seven years that had transpired since I last travelled round the Gulf of Pechili, and witnessed the commencement of Russian doings at Port Arthur, it had at least ceased to be the Black Sea of Asia.



ADMIRALTY HOUSE, PORT ARTHUR—FORMER RESIDENCE OF
VICEROY ALEXEIEFF.

PART III.—KOREA.



Sketch Map of Korea, indicating Ports mentioned in text.

CHAPTER XV.

KOREA IN TRANSFORMATION.

Political Changes—Three Phases : Chinese, Russo-Japanese, Japanese — Ascendancy of Japan — The New Emperor — Japanese Actions — Want of Trained Men as Subordinates—Korean National Spirit—Anti-Japanese and Pro-Japanese—Budget Difficulties—Reorganisation of the Finances—Tax Collection—Foundation of Warehouse Companies—Currency Changes.

KOREA, since its oyster-like shell was prized open by foreign treaties some quarter of a century ago, has had a strangely chequered existence. The country had brief periods of comparative quiescence, the result of circumstances entirely uncontrolled by her own *soi-distant* statesmen. It was not that the elements without, or a purified government within, had brought about an ameliorated condition to the distressed country and its inhabitants. It was just one of those pauses that necessarily occur—a breathing space ere something more pronounced was to be enacted. Without, the eagles were gathering for another swoop ; within the Yangban (the native official) continued his exactions. The country itself is good, but the Yangban was its curse. Since foreign treaties forced the peninsula into the arena, if not exactly of world politics, at least into the forefront of Far Eastern politics, Korea has gone through three well-marked phases. The first saw a rivalry between Japan and China for ascendancy in the little kingdom. It belongs to the world of “ ifs,” but if China had then boldly grappled the problem, if Li Hung-chang had displayed the statesmanship with which he was credited,

Korea could have been bound strongly to the Middle Kingdom. A hot and cold policy was not, however, suited to the requirements of the case, and alternate avowals of suzerainty, or of entire disclaiming of responsibility, naturally had the sequence of bringing Japan more closely into affairs. The war with China in 1894-5 had as its corollary the installation of Japan on a stronger basis, whilst Korea was declared, with emphasis, to be an independent country.

The next stage opens with the attacks of both Russia and Japan on that purely independent position. Russia had simply come on to the scenes, and, in a certain way, took up the running at the point where circumstances had compelled that China should relinquish it. This position gave Korea one little breathing space I have alluded to, until, in the fulness of time, the inevitable struggle between Japan and Russia again brought Korea into the vortex. We have thus seen China and Japan wrestling over the country, to be succeeded by the *lutte* between Russia and Japan, and now we are face to face with the third phase, where the peninsula kingdom has passed entirely under the Japanese ægis, almost to the point of absorption of the country. Korea itself has scarcely had the grit or the capacity to control anything in its own destiny since the larger Powers gathered around her. She showed some little disposition to kick, and at last, like the worm, turned. But it was an unfortunate and ill-advised turn that she made when she appealed to the Hague Conference.

It will be unnecessary to recall the fiasco that took place there, or to trouble to sift the statements and disavowals that the incident called forth. Only the results need comment. The Japanese Government, under the new conditions that prevailed as a result of the Portsmouth Treaty, could not well remain quiescent. His ex-Majesty abdicated, and his son, the Crown Prince, succeeded him as Emperor. The intention that his present Majesty should be a puppet in Japanese hands is well-

known. As Crown Prince he was thought to be mentally weak, and his countenance did not belie the statement. Since his accession he seems to have displayed greater capacity, but the reports as to his real condition seem to be very contradictory. From many foreigners who are brought into frequent contact with his Majesty, and from Japanese similarly placed, one had the most diametrically opposed views. If I am not overstepping the laws of *lèse majesté*, I should say that his Majesty is not such a fool as he looks. I use the remark with all becoming respect, and in doing so I am supported by many foreigners and Japanese who take the same view.

It will be unnecessary to traverse the terms of the new Japanese-Korean convention of July, 1907, further than to state than by this document Japan secured the whole substance of power in executive, judicial, and legislative matters in the peninsula. The control of foreign affairs already pertained to her; to the present Emperor remains only the right of signing rescripts. The Emperor remains *de jure* the ruler of the kingdom, but the *de facto* power is the Resident-General, or, in his absence, his delegated authority to the Assistant Resident-General. The third phase is completed, and though a technical and formal distinction may exist between the control that Japan has secured and formal annexation, the difference only exists as a form of diplomacy. That she has an entirely free hand, and that her last convention has not been challenged in any way by any Power, will not lessen the responsibility she has assumed in the eyes of the world. A contemporary comment on her action was that if by a judicious mixture of firmness, of tact, and of patience, Japan can persuade the masses of the Korean people to acquiesce in her rule, she will have duplicated the British achievement in Egypt, and she will have given other States a lesson in the art of reconciling a discontented nation to a foreign administration directed for their good. There have been many critics who have questioned Japan's sincerity in the matter. From my

own observations I do not question her intent, but her first actions seem to have been wanting in tactful method.

The disbandment of the Korean army was a natural corollary to the Convention. No Korean army now exists, but the method by which it was disbanded was injudicious. It was not performed in that diplomatic manner characteristic of Prince Ito, the Resident-General. The Korean soldier may not have been an ardently patriotic person, or greatly eager to risk his life for his Emperor or country. But he has some feelings, and he does not, in common with the rest of humanity, like to be humiliated, or, to use the Oriental phrase, made to "lose face." The men were disgraced by the manner in which the disbandment was performed, and though they were not illiberally treated in the matter of pay, they were sent to their homes in great discontent, and prepared even to use the time, and the money payment placed at their disposal, in agitating against the Japanese. Some got away with their arms, and were a source of considerable trouble to the Japanese military and police authorities. If the method employed had been more gradual—and Japan had little to fear from the military point of view—probably little or no trouble would have been caused, and the *Eui-pyong* party would have received less accession to its ranks. During my visit these disbanded men were all about the country spreading false rumours and fomenting trouble. Comic and tragic often closely approach in Korea. The Emperor signed the order for disbandment of his army one day, and only a few days later appears in the uniform of that same army—which he had decreed should cease to exist—at his own coronation.

At the same time as the disbandment of the military forces was being carried out, two other far-reaching measures, affecting the whole population, were sought to be enforced. The decree went forth against the top-knot, and simultaneously against the prevailing custom

of marriages at a young age. These are two measures vitally affecting every class in the country. Little topknot cutting (the removal of the knot which a male Korean erects when he enters the marriage state) has been indulged in up to the present. The Japanese, it will be remembered, altered their tonsure at the time of the Restoration, and it is, I believe, a grounded belief in Prince Ito, the Resident-General, that no real, thorough, and drastic reform will be accomplished in Korea without a change in the hair. It will be an outward symbol of the new era. The Emperor has had his topknot removed, but the people refuse to follow, as they aver it was not his own voluntary act, but has been forced on him. The Korean is likewise touched in a very close manner by prohibiting early marriages—an entirely right and proper measure for the benefit of the country. The nation must benefit by being reproduced at a more mature age ; but of that he is supremely ignorant. His hatred for the Japanese, which is of an intense order, is largely the outcome of his ignorance. Added to this, the Government, with which he has been cursed for so long, has brought him and his country to the present state. The ordinary Korean—the man of the people—is not a bad man, and his virtues have deserved a better fate. It is said that a people usually possesses the Government that it is entitled to. In the case of Korea this does not hold good ; the Korean really deserves a better Government than fate has hitherto given him. Whether he will receive it under the Japanese is a question that has yet to be answered.

In the capital the Japanese are, in some sort of way, under a limited restraint, for there is a fair sprinkling of foreigners, including Consuls-General, to observe. In the country they have a freer hand, and the few who can bear testimony to their doings are not always in praise of their acts. As far as I was enabled to observe, the Resident-General and the upper officials amongst the Japanese doubtless mean, and do act, well towards the

charge that has been placed in their hands. But the instruments through which they have to work are not always of the best material. The result is that too little trouble is taken to explain to the ignorant Korean official, or ordinary man, the whys and wherefores of new orders and regulations. The Japanese, and, may I say, the moral improvement, side is not sufficiently reasoned into them, and the petty Japanese official usually treats the people as being on an entirely lower plane to the one in which he and his countrymen move. More sympathetic treatment would produce better results. The truth is that Japanese do not like Korea, and are generally only induced to go there by tempting offers of big pay and big positions. Besides, the Japanese Government at home, with the rapid advances that have taken place in Japan itself, have really not a surplus of properly trained men to spare from their own home service. Add to this the fact that a good deal of jumping of land—obtaining land by mortgage on really very easy terms to Japanese—has occurred, sometimes with the connivance of dishonest Koreans themselves; this has not endeared him or his ways to the Korean. And to this must still be added the old racial hatred of centuries that cannot be eliminated in a day, and is indeed fanned by every act that is either misunderstood, or that the Korean does not see the necessity of. The fact is, the problem is not an easy one, and might perhaps have been handled in a different way; but it is one that had to be taken in hand by someone, for Korea showed not the least capacity to grasp it herself. It is obvious from the actions of Russia that she intended to be that someone, if the war had not arrested her plans and turned the scale against her. Japan had perforce to take the solution into her own hand. That could only be the outcome of the war when its arbitrament went in her favour, but I am inclined to think she might have dealt with the problem somewhat more sympathetically for the plastic people now placed under her. It is not necessary to imitate the



VIEW OF THE CITY OF SOUL

style adopted by some foreigners in recording their observations, or to think that Korea at present is worse off than she was under her own native Government. Japan is certainly working out an aggressive imperialism in the peninsula, and she has left few stones unturned to get a complete commercial and financial grip on the country. I think that Bishop Turner, who knows the country well, does not unfairly state the matter when he writes :—"As to whether they were justified in equity in doing as they have done, everyone, I think, must feel somewhat doubtful, and some people feel very strongly that they had no justification whatever. But there are many who feel that whether they were justified or not, it was nevertheless absolutely necessary for them as a matter of self-preservation that they should obtain supreme power in the country, to prevent the Korean Government from intriguing with countries hostile to Japan in the future." This conclusion every political student of the circumstances would unhesitatingly endorse. Japan wanted, and still wants, Korea, and now that Russia has been removed from the scenes, she has it to herself for expansion of trade, and as a ready outlet for her surplus population. The country is not over-peopled, and is capable of supporting a much greater number of inhabitants than now find employment in tilling its soil or developing its resources.

Amidst the changes that are proceeding within her midst one sees some faint germs of the growth of a national spirit amongst Koreans. It is a pity perhaps that the perception has come a little late in the day to save the country from the foreign invader. Strictly Korean politics remain as much of a tangle, and as full of intrigue as usual, curbed only by present limitations on their political freedom. Some of those who have penetrated the mists somewhat find it convenient to keep out of the way. One or two apparently found it congenial to their health to live a sort of *perdu* existence at a foreign-owned hotel in the capital. Another phase of

existing conditions is the change that has come over many of the chief families. Gone are the family cliques of the Mins, the Paks, and others whose machinations against each other proved such fruitful sources of intrigue, crime, and bloodshed. The ex-Emperor had indeed done something to emancipate himself from such baneful influences and constitute himself the head, by splitting up the offices amongst several families instead of being at the mercy of one. Now all are bereft of power, to give place solely to the Japanese as the one real factor.

Korea, by reason of too vexatious demands of officialdom, was nearly always in the condition of incipient trouble in some province or other of the kingdom. Riots and uprisings against officials were about as chronic as rebellion is in China. They usually meant that official oppression had exceeded its usual bounds, and the resultant rising took place. They were often fomented by certain political family parties, or at times they merged into two big political parties, such as the Independents and the Pedlars, which existed a few years ago. The counterpart in a way at present is supplied by two organisations, one known to foreigners as the Volunteers, the *Eui Pyöng*, which I have mentioned above, that is "agin the Government," and the other, the *Il Chon Hoi*, the party that favours the Japanese. *Eui Pyöng* translated, means righteous soldiers, or army, and the character signifying it has the same significance as the *I-Ho-tuan*, used by the Boxers in 1900 in China. The party, if such it may be termed, comprises many elements, including disbanded soldiers, demagogues, and disaffected of all classes. It possessed some traces of organisation, and it has given the Japanese a good deal of trouble. Of the *Il Chon Hoi* little need be said beyond the fact that it favours Japanese occupation. Its doings are naturally not of quite such an active order as those of the *Eui Pyöng*.

You cannot inaugurate reforms unless you have the

necessary means, and one of the first measures undertaken by the Japanese has been the reorganisation of the finances of Korea. The reorganisation of the official system cannot progress except *pari passu* with the finances. The first measures were taken in 1904, and the first budget to be drawn up on the new lines was for 1905. It was necessarily a very faulty document. Revenue sources were not on a sound basis, and the expenditure was made in the most indiscriminative manner. The actual amount of revenue and expenditure was unknown. According to the latest budget the revenue was computed at 10,000,000 yen, though it was known that at least 30,000,000 yen was gathered in from the people. If all this came into the national treasury the conduct of the Government would be simplified, and Japan would save in her own pocket. About 200 Japanese finance officials are now scattered throughout the country. This is about as many as Japan can spare from her own requirements. The difficulties to be first smoothed out began with the fact that there was no distinction between the Court and the Government, or between State and private properties, and between the State property and that of the Imperial Household. A State property became the property of the Imperial Household and *vice versa* for reasons that were generally obscure, and these exchanges have proved difficult to solve. The next difficulty arose in regard to the confusion respecting the currency; and a third was the lax method of expenditure and the lack of organisation in the collection of the revenue. The aim was to establish a fixed method of dealing with the revenue and expenditure, to establish adequate supervision over these items, and to devise means for regulating the same; to abolish the former evils of irregular taxation and extortion, and the collection and expenditure of the national revenue at the will of individuals; also to eliminate the injurious practice hitherto existing in Korea of farming out the collection of the revenue to individuals. A vital point was naturally to reform

tax gathering, and prohibit illegitimate collection. Taxes were hitherto imposed by the local magistrates on the one hand, and by tax collectors irregularly despatched from the Department of the Imperial Household, or from other Central Offices, on the other. The taxation by local magistrates was conducted by clerks whose services were hereditary; and many malpractices arose. As a remedy for these ingrained bad habits, an adjustment of the organisation for tax collection had to be planned. In thirty-six important places throughout the country tax assessors have been stationed, under the supervision of taxation supervisors stationed in thirteen provinces. Under the tax assessors there are many assistant tax assessors, who are stationed in every district. Accountants have also been appointed to each department.

The most important factor of the national revenue is the land tax, which amounts to almost 80 per cent. of the total revenue. It is levied on the basis of a unit represented by the area of ground estimated to produce a fixed quantity of grain. The number of *kyel* in the country is, however, based on investigations and surveys made about 500 years ago, and although alterations have been made at different times with regard to the number and classification of *kyel*, these changes have been based on incorrect returns. There have doubtless been considerable changes, owing to the bringing of new land under cultivation, and to climate and other natural causes, which have not been notified by the authorities concerned, or, if notified, have not been taken into account. Under these circumstances, the actual number of *kyel* in the country is but approximately known. Of other chief items of revenue the next in importance is the port duties (customs duties), amounting to 23 per cent. of the total income. The house tax comes next, but its revenue does not exceed 3 per cent. of the total. Revenue from other taxes is insignificant, either in detail or total volume.

The basis of Government in Korea was, like that pre-

vailing in its great Continental neighbour, one of very excellent maxims; in practice it was lamentably bad. As noted above, the local magistrates have been accustomed to act as if they were the supreme authorities, conducting administrative affairs almost at their own will. The Governors of Provinces and Provincial Magistrates have been the most notorious offenders with respect to illegitimate extortion. Their abuses extended not only to the collection of taxes, but their operations had a very deleterious effect on currency and circulation of money. The magistrates, using the taxes which they had collected for private purposes, would lend money to the merchants within their jurisdiction, or buy with it local products which they would sell in Söul or other cities, and would deliver to the Government Treasury a portion of the money thus realised as the tax money due. The taxes would be in their hands to be thus used often for six months. The process, called "wehueck," is as follows:—When money was deposited with the Finance Department, the Department would give the depositor a tax receipt addressed to the local magistrate of the place to which the depositor desired to make a remittance. This receipt had the effect of relieving the magistrate addressed from the responsibility of delivering taxes to the amount of such receipt. As the magistrate would necessarily buy the receipt from the holder, the receipt would be to all intents and purposes a bill of exchange issued by the Finance Department. This system is now abolished; but the private use of funds by the local magistrates is as yet overlooked, and it is intended to introduce a gradual reform in this respect, in order to prevent a general dislocation of capital. To assist in the movement, four native Korean banks have come into being, whilst encouragement has also been given to certain Japanese banks established in the country.

With the alteration in the system of tax collection, and the abolition of the mentioned magisterial privilege of

lending out the money to merchants, this latter class were, in consequence, restricted in their operations. Farmers were unable to dispose of their produce to them. To remedy this, warehouse departments were established in important towns so that merchants could obtain funds to carry on their operations. The security consists chiefly of rice and other cereals ; but movables are sometimes taken as security in case of necessity, according to the special conditions in a particular district. In either case, it is the object of the department, which was put in funds by the central authority, to provide an ample supply of money for the needs of the farmers, as well as for the management of the business of the merchants. The latter have been able to raise funds without difficulty, whilst farmers have been benefited by the fact that the market price of rice and other cereals has been maintained, or rather advanced. The scheme may therefore be said to be successful, whilst this Government undertaking has more or less afforded facilities for the circulation of the new currency. Following these provincial warehouses has been the foundation of the Söul Public Warehouse Company, with a Government subsidy and a Government loan. All of these institutions had, as well as the improved currency, the effect of keeping prices about normal, even in fairly active times. It may be noted that Government undertakings, which more or less involve expenditure of public funds, include such works as the Imperial Korean Hospital, Cabinet Buildings, Prison, and the Industrial Training School. Other matters comprised the Printing Bureau, Water Works, Reconstruction of Roads of Chemulpo and Pyeng-yang, and Forestry along the Yalu and Amur.

The completely and constantly disorganised state of the currency in Korea has been the theme of many a writing, and of innumerable Consular reports. The almost insurmountable difficulty in carrying on foreign trade by medium of the cumbersome cash has been gradually mitigated, but all trading and financial arrangements

were still greatly hampered. Nor was the situation really bettered when Söul started, not one but two, mints, that turned out nickels of varying degrees of fineness and value. Japanese banknotes and Japanese national currency also came to assist, but what was required was a proper and consistent treatment, so as to provide for the needs of the country to carry on, in a facile manner, internal wants and provide for foreign trade. The Japanese commenced their task in 1901, when they got the issue of an Imperial Edict placing the currency of the country on a gold basis, and its coinage on the same footing as that of Japan. It was not, however, until 1905 that another Edict appeared, putting the decree of 1901 into force from the month of June in the latter year. At the same time the Dai-ichi Ginko, a Japanese bank that had established considerable relations in the country, was made the Government Central Treasury, and its notes recognised as legal tender in all transactions, exchangeable at sight with the standard coinage. Japanese coins were also recognised as legal tender, so that the convertible notes of the Bank of Japan, in which the Dai-ichi Ginko notes are payable, became as it were the standard of the country. The work is progressing and assisting foreign trade ; indeed, it may be said that the desired object is already achieved in great part, though the old cumbersome cash still have a considerable hold in some parts of the country. A large part of the old Korean nickel coins has now been replaced with the new currency. But old cash coinage held its own in the eastern and southern districts, and very slowly yielded to the new coinage. Merchants found it profitable to buy up and export cash for the value of the metal, and the Government depended on this method for the dispersal of the old coinage. This proceeding was slow, so artificial methods were inaugurated to dispose of the cash. Cash may be better currency than nickel coins, because the face value of the former represents their actual value, while the latter have a great difference between their

face and actual values. But they hinder the development of the economic conditions of the country, as they form a most inconvenient medium of exchange. But at the same time it was apprehended that a sudden and artificial withdrawal would cause much harm to the economic world, considering the very wide extent and great amount of their circulation. Their withdrawal was therefore made gradually.

Presumably, as in Japan, in time the attempt will be made to support the currency by accumulation of bullion, or coin.

CHAPTER XVI.

KOREA IN TRANSFORMATION (*continued*).

Roads in Soul - The Residency-General -- Foreign Consulates-General --
The Korean - Chronically Hard-up -- Predilection for Loans--Education
- Railways - Treaty Ports--Agricultural Products -- Capabilities of
Soil and Climate.

IF it has not been your lot to visit Söul for an interval of a few years, you will find that a considerable change has been wrought on the face of things in the interval. Not the least striking is the condition of the roads. This good work was inaugurated under Sir J. McLeavy Brown, the former chief of the Maritime Customs, whose name should always remain associated with their improvement. As in China, the Korean Customs Service, recruited from the Chinese Imperial Maritime Customs, was the main-spring of improvements in lighthouses, harbours, and other directions, as far as money was available. Wheel traffic is now possible to practically every part of the city. Top boots to navigate the streets in the wet season are no longer a necessity ; a road now is designed for locomotion, and not as a drain and general receptacle for all that was uncleanly. Even side paths to some of the roads, and the planting of trees in public thoroughfares, is being indulged in. An annual appropriation has been made by the Finance Department for maintenance and improvement, as the city has no municipal revenue on which it can rely. I may repeat what has been pointed out before, that, astounding as it may seem when first stated, it remains a fact that the inhabitants

of Söul pay no taxes—either Imperial or municipal—except indirectly in the shape of customs duties, paid at the port of importation, on any foreign goods they consume. More than a century ago, in gratitude for services rendered, when the population stood by him in time of some trouble, the then King redeemed their taxes by making a big payment himself. This was to free the residents for ever. But his ex-Majesty and his officers knew how to get compensation, and a monopoly to deal in this or that commodity would be sold, and the people thus made to contribute indirectly.

On the site of the most recently erected palace in the capital, that around which most of the foreign Consulates-General (formerly the Legations) cluster, the ex-Emperor had undertaken a big foreign style building, which the present Emperor now inhabits. It is an imposing-looking structure externally, but lacks a sufficiency of ground, and as it is unlikely that the British Government or any of the other near-by Consulates will surrender their properties, it will have to remain under this disadvantage.

A striking feature to be noted is the growth and apparent prosperity of the Japanese quarter. The Resident-General has his abode in the former Japanese Legation. His office and the headquarters of the Residency-General, known as the Tokanfu, is on an opposite eminence. It was on this spot, during the invasion of Taiko Sama, that Kato Kyomasu (one of his most famous lieutenants, and much renowned in Japanese history) built his castle. No traces now remain of the building erected at the close of the sixteenth century, but the curious will note the fact that the present seat of domination of Korea is the same as at the historic period referred to. It is here that the great reform scheme for Korea has to be worked out by the Resident-General, Prince Ito. No better man, or one so respected by the Koreans, could have been chosen for the task. He is aided by Viscount Sone, as

Assistant Resident-General, whilst other high officers are the Director-General at the Residency, and three directors of Departments. Through the lamented assassination at San Francisco of the late Mr. D. W. Stevens, Korea was deprived of one of the remaining two foreigners concerned in her Government. The only post now held by a foreigner is that of Secretary to the Commissioner of Customs. The occupant is Mr. Davidson, one of Sir J. McLeavy Brown's former assistants.

With the change in the order of Government the erstwhile Legations of the foreign Powers have become Consulates-General. Incidentally, the Consuls-General benefit from the buildings and the demesnes intended for Ministers Plenipotentiary. This is all very well where Governments provide the requisite amount for maintenance, but in some cases the Home Governments only grant on a certain scale according to the rank of the occupant, and the proper upkeep then becomes a matter of some difficulty. Withal, Söul has become, in common with practically every other place in the Far East, much more expensive. From coolies upwards the native receives much higher pay, and the jinricksha rates would be much appreciated by the far more hard-working coolies in most China ports. As a Kurumaya (the puller of the miniature carriage) the Korean possesses the brawn, but he has not the speed of his *confrère* in Japan.

A few words may here be said of the Korean himself who, with all his ignorance and conservatism, is naturally changing as his surroundings change. The total population, according to the last Japanese census, for 1907, gives a figure of 9,630,878 persons living in 2,322,457 houses. The bulk of these so far go on in much the same groove as their forbears have done, for it takes long to introduce the new leaven. In the capital and in the Treaty Ports you may notice the transmogrification that is in progress. The incongruities of dress and

tonsure may be seen in much the same degree as they were to be witnessed in Japan thirty years ago. In Korea it principally shows itself in the Korean native costume terminating in a pair of foreign style boots (tags generally hanging out) and black stockings. In general, the Korean exhibits much the same characteristics that have been observed in the past. He is simple-minded and generally very good-natured. It is, indeed, extraordinary how greatly he exhibits the latter characteristic. He is docile and tractable when treated properly, and seldom displays anti-foreign proclivities. The Korean gentleman, as apart from the lower classes, struck me as much the same, and is in himself a study. His extreme composure, his mastery of self, his often scholarly attainments, his dignity, his absolute good-for-nothingness, or rather his unfitness for the world he lives in, all combine to make him a mystery. At the same time you are bound to feel an interest in him and you have nothing but a kindly feeling for him, which may be dispelled now some awakening is taking place in the country. In the official arena the Korean is the essence of corruption. To arrest the speculation of funds and corruption generally, is one of the tasks that Japan has taken in hand in the reorganisation of the country. The Korean is in a chronically hard-up condition, and spends his substance to the uttermost farthing, or cash in his instance. He has a positive predilection for taking a loan, and an entire disregard of the concomitant obligation to repay at some day. Even if he did not require it he would always accept a loan. The ex-Emperor would realise on a mining concession or a new monopoly when necessity compelled, and his subjects in their ways would follow suit with alacrity. The Japanese, prior to the present *régime*, have taken great advantage of this characteristic, and have as a consequence acquired a good deal of land on easy terms—a fact that has not endeared either the Japanese or his ways to the Korean. It may have been

difficult for the Japanese Consuls to rectify the too frequent abuses that occurred. The Korean was easy-going ; he would borrow complacently without sometimes being aware of the terms and conditions attaching to the advance. When he found the land taken from him he was naturally annoyed, but hid his ranklings, and generally worked on the land for the behoof of the new owner. With the system of Japanese Residents now stationed throughout the country, it is to be hoped that transfers of land to their nationals will be more closely examined into. A proper system of registration of titles is to be inaugurated, and when titles come to be registered it is hoped that the illegality, or at least harshness, of some transfers of late years will be rigorously inquired into.

The lot of the Korean should improve as education progresses. Young Korea is being tended in this direction in a way his father knew not. You see plenty of youngsters about with slate and books, generally cheery, bright little fellows. Then there are schools where English, French, German, Russian, and Japanese may be learned, each class having a master of each of these nationalities. It is surprising how readily the Korean learns a foreign language, and how accurately he frequently masters the pronunciation.

On a previous visit to Korea there was only the short line from Chemulpo to Söul to represent railway progress in the country. Now a trunk line runs up and down the peninsula from Wiju in the north to Fusan in the south ; there are some 600 odd miles of track laid. The lines are the property of the Japanese Government, which took over the Fusan-Söul line, the Kei-fu Railway, as it is known, when it decided on nationalisation of the railways in Japan. The line north of the capital was constructed for military purposes during the war, when, considering the speed at which it was done and the pressing necessities of the case, a finished line could not be attempted. It has since been improved, and a

considerable sum is set down to be expended by the Japanese during the next few years for the construction and improvement of railways in the country. The lines and equipment cannot be put into a very high class, but they doubtless meet the requirements of the case. They constitute a great improvement on previous means of locomotion.

Space will only permit of my taking a hurried glance at the Treaty ports. Chemulpo continues to retain its position as the principal port of the country. Its shipping trade, as indeed may be said of all the ports in Korea, is nearly a monopoly between the Nippon Yusen Kaisha and the Osaka Shosen Kaisha. The port has undergone considerable development, but more is demanded to be done so that it can cope with its necessities. Reclamation works are to be undertaken in order to increase the Customs compound and the warehouse accommodation.

Coming south and east, we have, after passing the excellent strategic port of Masampo, the old Japanese settlement at Fusan, which has increased its importance. The settlement, over three centuries old, virtually constitutes the port, though there is likewise a Chinese settlement a mile away to the eastward, and the Korean town two miles further on in the same direction. Fusan looks like a Japanese town. The concession has its own (Japanese) Municipality, of which the Resident (all Consuls have now become Residents and Vice-Consuls Assistant Residents) is *ex-officio* chairman, is excellently well supplied by its own waterworks, and has schools, post office, etc., to make up a species of small Japanese republic. Within the district controlled by the Resident the Japanese number over 17,000. They hail chiefly from the Kyushiu and Shikoku districts of Japan. The settlement has electric light and telephones. The most striking building in the place is the construction erected by the Chamber of Commerce, within which an exhibition of products "made in Japan" was being held

at the time of my visit. The railway between the capital and Fusan has naturally been a factor in the development of the port. There is a daily, or rather nightly, service of steamers for mails and passengers to Moji. Reclamation works are to be undertaken very shortly to increase the facilities of the port. It is intended to reclaim ground, 20,000 square metres in area, to the eastward, as a site for the Customs House, and to construct a pier from the south-eastern extremity of this reclamation, thus forming a sheltered harbour between the pier and the town of Fusan. When the work of reclamation and the construction of the pier is completed, the Customs offices, bonded warehouses, etc., will be built, railway laid, and the road opened so as to give direct communication with the Söul-Fusan Railway on the one side and the town of Fusan on the other.

On the east coast the chief port is Gensan, previously more familiarly known as Port Lazareff, situated within Broughton Bay. There is a population of 5,000 to 6,000 Japanese, and in the adjacent Korean town 1,000 houses with a population of, say, 5,000 people. The Chinese, who are all fairly responsible merchants, number 100, and there is a Chinese Consul, the only Consul resident in the port, though Russia proposes establishing a Vice-Consulate. The place has grown during recent years, and trade slowly increases. The town is clean and sanitary, as most Japanese settlements are. It also looks forward to a reclamation scheme and harbour works to increase its facilities.

Another small place of trade on the north-east coast is the prettily placed port of Songchin. If it was not situated so far away it would make an ideal watering-place. The Japanese Resident here has the whole of the northern portion of the Ham Heung Province under his jurisdiction, and there are 2,000 Japanese within this area. Of these roughly 500 are in Songchin, and 1,000 at Kiongsan, a considerable trade mart to the north, the balance being scattered about the province. The trade

of the port is not as yet very considerable, and I doubt if it will for a long time assume any great importance. It was interrupted during the Russo-Japanese War, when the Russians descended overland, raided the place, and set fire to most of the buildings. A considerable cattle trade is done with Wladiwostock. The cattle here, as is the case throughout the country, are fine beasts and plentiful, selling at very low rates. Besides being employed in agriculture, they are very extensively used as beasts of burden, and also for draught purposes.

If the Japanese merchant and trader is to be found everywhere pushing his wares, or largely controlling the exports of the country, if Japanese banks and shipping companies ably second these efforts, and if the foreigner, including the Chinaman, finds himself pushed by their energy, it may also be conceded that official Japan, which is so much interested, has thoughts for the improved condition of the country. The economic status of Korea is based on agriculture, her principal product being grain. There is much rich farming land throughout the country, where rice and other cereals are abundantly produced. Koreans are averse to the introduction of improved methods, and do not practise the intelligent employment of irrigation and manures in farming. They have nevertheless been able to export grain to a considerable amount every year, thanks to the favourable agricultural conditions with which Nature has endowed the country. The population of Korea is not large in proportion to cultivable area. When land becomes unproductive they are able to find new fertile areas for cultivation. This may be one of the reasons why Korean agricultural products do not decrease in spite of the primitive and conservative agricultural methods of the Koreans. The provinces of Chyol-la and Kyang-syang are the best cultivated, the next being Hoang-hai, Chyung-Chyong, and Kyong-geui Provinces. In looking to profitable revenues for Korea, one would certainly suggest that the raising of cattle should be increased,



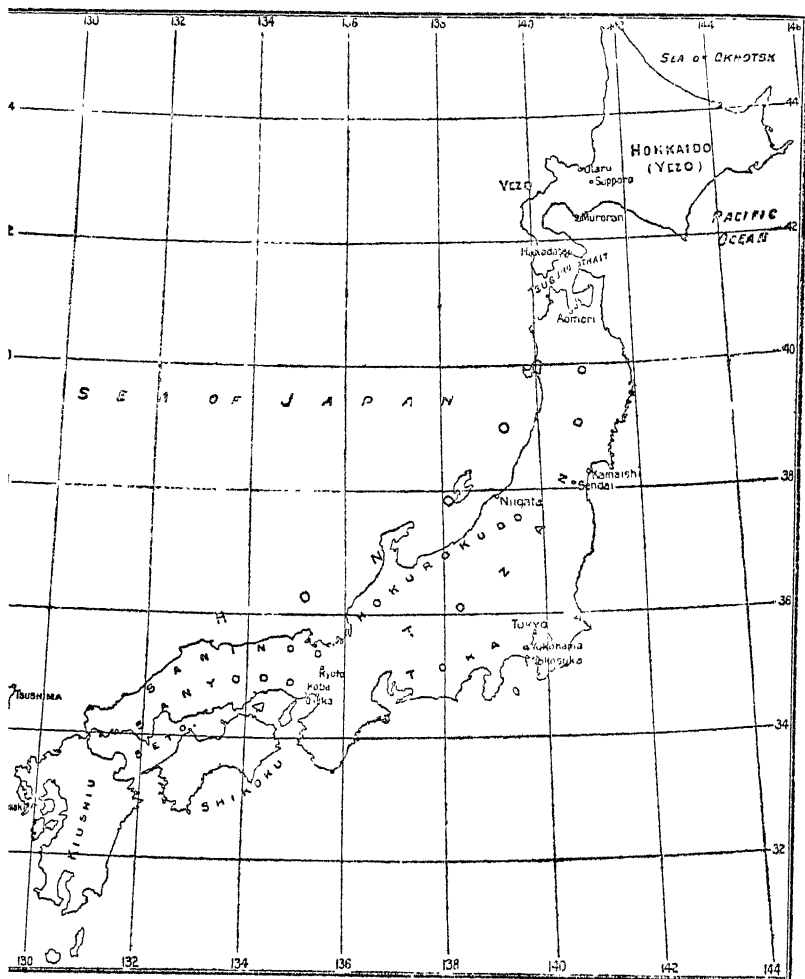
THE JAPANESE SETTLEMENT, WONSAN (GENSAN)

as it seems certain to yield a good return. What is wanted to promote greater trade is for Korea to develop her exports. Through the foreign gold-mining operations, the export of that precious metal should increase. So far, it is only the American mine that has shown profitable results. British, German, and Japanese concessions also exist, but so far have not been productive, though the properties are believed to be good. All these concessions are held under the old rules, which are much more favourable to concessionaires than the new mining regulations. Ginseng should likewise be capable of development, and would probably find an increased outlet in China. In other directions one might also indicate silk culture and the manufacture of mats. There is a good demand for the latter, but the supply is small. They are exquisitely fine, of good design, and likely to be much appreciated. Another product that should prove profitable is fruit. Many varieties of European and American fruits could be raised, the climate and soil being quite suitable. A source of considerable wealth should be the fisheries around the Korean coasts. When fully developed, these should prove one of the most valuable assets of the country. At the present time the number of Japanese fishing boats on the coast is 2,000, employing 8,000 fishermen. The annual value of their catches is 3,000,000 yen. A good deal has been said on the subject of cotton cultivation. Japan is intimately concerned in this, and has done her best to foster the produce which should be to the best interests of Korea.

If further exports could be developed, there would seem to be little doubt that the value received for the produce would be expended in buying imports, for the Korean likes foreign goods, and has a fairly keen desire to be the possessor of a certain quantity of them. Means of transport will also have to be improved. The railways are already making their influence felt, but they only serve certain parts of the country. The movement of

goods is still largely dependent on pack animals—cattle or ponies. The former are really fine animals and well shapen, their load being 400 lbs.; the ponies, though miserable, under-sized, and ill-fed, are nevertheless capable of doing much work, their load being 240 lbs. In discussing the possibilities of trade extension in Korea, one must not overlook the fact that the country has for ages been self-sustaining, and this applies even to provinces, owing to the cost of transport. Indolence, fostered by bad government and venal officials, has been engendered. The Korean works only for a tithe of his time. He had no outlet for any surplus produce, and it would probably have been filched from him by a greedy official had he grown over his immediate requirements. The incentive to be enterprising or provident was wholly lacking. Even in the face of famine the Korean would often prefer to squat and smoke till his tobacco was done, when he would lie down and die rather than bestir himself. The natural result of all this was to keep the country poor, and not up to its capacities in the way of either production or trade. This inertia, fostered by generations of misrule, has to be overcome before the economic status of the country can rise to what the soil and climate are capable of producing.

PART IV.—JAPAN.



Sketch Map of Japan, showing the Ports mentioned in Section IV.

CHAPTER XVII.

JAPAN—FINANCIAL, COMMERCIAL, INDUSTRIAL.

Post-bellum Measures—Foreign Loans—Taxation—Reduction in Expenditure—Service Charges—Nationalisation of Railways—Their Progress—Anglo-Japanese Alliance—Criticisms in the Far East—Japanese Gains from the same—Japanese Emigration—Settlement of Question with United States and Canada—Japan's Trade—Commercial Morality—The Foreign Merchant—His Outlook—Shipping—Labour—Need of Industrial Training—Increased Cost of Living—Improved Physique.

JAPANESE finance is a subject to which criticism is always being directed ; it so frequently recurs, that it may well be treated first in any remarks on Japan. Detractors have hitherto found themselves worsted, for the nation has pulled itself through on several occasions when it seemed to be in rather a tight corner. For 1907-8, with some economics, with the necessity becoming apparent to, as the Americans put it, "wear your old shoes," Japan won through. She greatly assisted her own finances as soon as the war was over by a rapid repatriation of the troops in Manchuria. This brought about considerable economy as against the previous estimates. Nor is there any reason to anticipate difficulties that will not be overcome for the current (1908-9) financial year. It would be in 1909 that the financial withers of the country would be wrung, unless very stringent measures were adopted. These have been put in hand. A cardinal principle laid down when Marquis Matsukata was Minister of Finance was that financial undertakings must proceed, in order to be permanently effective, hand in hand with the country's economic development. Other Finance

Ministers have carried out the same policy. Each was careful to endeavour to foster the resources of the country, so that the economical condition would be capable of bearing the additional taxation that perforce had to be imposed. It was considered that the true policy of *post-bellum* financial measures after the China War, as has been so laid down again, after the war with Russia, should consist not only of rearrangement of the national finance, but also that the measures taken should be such that the growth of the country's wealth might keep pace with the necessarily increased expenditure.

Taxation has gone up very rapidly in Japan during the last decade. There can be no relief when the requirements of 1909 have to be formulated. It is necessary to meet only the normal requirements, not those for extraordinary purposes. For the latter resort might be had to foreign loans—if the expenditure was for reproductive purposes. But a foreign loan is not assured at a paying price. The investor is a curious personage, and will only assist what seems to be the fashionable borrower for the moment. In 1899 we saw the loan then issued taken for the most part by the underwriters. The glamour of Japan's achievements in the war with Russia revived ardour for Japanese stocks, this time not only on the London market, but on the Continent and in America. Successive issues were greatly in favour, and were readily taken. But the fashion changed as much as did the conditions of the money market. The second part of the conversion loan could not be issued at the 4 per cent. rate at 90, at which the first half had been successfully done in 1906. The rate was raised in 1907 to 5 per cent., and the issue price to 99½. The next issue—for the Manchurian Railway was practically a Government borrowing, as the Government guaranteed it—had to bear the same interest rate, but the price dropped to 97. It was a mildly comparative success. But it was a warning that the public was not ready to

take more Japanese issues. By-and-by, doubtless, they will be in favour again. There is nothing in the financial situation to prevent issues being subscribed to when, as I have said, the country has gone through the necessary period of economy.

One often hears it asserted that Japan is overtaxed. From all I could learn, the population does and can bear existing taxation without an undue strain being placed on the people. But its incidence is not quite equal, and the agriculturist is let off cheaper than his neighbours in the industrial and commercial worlds. It is a difficult matter to get land taxation—it is really rent in Japan, as the Government is the one landlord of the country—altered if the alteration is by way of increase in the rate. A majority of any Diet is against such increase. A few years on, when the foreign treaties are due for revision, it may be that the tariff will yield some increase, but this would supply only a portion of the needs. I am aware of some of the difficulties that surround an increase of the land tax, but I have not heard one person announce that the agriculturist could not bear the increased rent without any great strain. He has been having excellent years lately in the way of rice harvests, the great product of the land.

It was the troubles attaching to finance that brought about the downfall of the recent Saionji Cabinet. A rearrangement was attempted earlier in the year, when the Ministers of Finance and Communications left their colleagues, the Mikado refusing to accept the resignation of the Cabinet as a whole. Succeeding this in the spring, came the General Election, which went entirely in favour of the Saionji Cabinet, and the Seiyukai, whose head was the Marquis Saionji. Notwithstanding this, the summer showed that the Cabinet had lost confidence, or rather, that no confidence was felt in it by the commercial and financial sections of the nation. Resignation was again tendered, and, being accepted, made way for the return of the Katsura

Cabinet. It is constituted of many of the politicians and statesmen who conducted affairs during the momentous struggle with Russia, though some new blood has also been introduced ; notably Baron Goto, President of the South Manchurian Railway, becomes Minister of Communications, a very important portfolio from the time the policy of nationalisation of the railways was passed by the Diet. He is known as a good organiser and administrator. That the subject of finance is critical to any Cabinet in Japan at present is evidenced by the fact that apparently no one could be found to take up the task with any chance of securing confidence. Consequently the post has been assumed by the Premier himself. It is a tribute to his talents, and the opinion formed of his judgment, that this solution seems to have given satisfaction. That he has a real grasp of the question, and can carry his colleagues, is evidenced by one of his earliest measures. An important Cabinet Council held at the end of August decided to curtail expenditure to the extent of £20,000,000. The Army Estimates are reduced by 30 per cent., and the Navy by 10 per cent. Thus has been accomplished what the Saionji Cabinet could not persuade the Ministers for War and the Navy was not only necessary, but could be carried out without danger to the nation. They sought to show that the vastly increased armaments were not needed to the extent demanded. Japan had to repair the ravages of the war, and increase somewhat as the result of her new position, but that as she had the Alliance, had arranged *ententes* with France, and even with her late enemy, Russia, it was unnecessary to proceed to the lengths demanded by the militant members of the Cabinet.

Critics of Japanese Government finance have pointed to the great cost of the army and navy, and predicted a breakdown. The figures are now to be reduced, but even before then some misconception was generally prevalent on the matter. Taking the estimates for 1907-8, the ordinary and extraordinary army expenditure

was 111,600,000 yen, and for the navy to 82,500,000 yen, the total being, say, about £20,000,000, an amount that is not excessive, viewing Japan's achievements and the position she had necessarily to maintain. Such sums must be comparative to the ability of a nation to carry them, and in proportion to what her national income may be. The ordinary expenditure was a little over 20 per cent. of the revenue for these non-productive expenditures. The proportion of total expenditure was something under 20 per cent. (of Service expenditures) to gross total estimated ordinary and extraordinary revenue. It does not seem to me in either case that the proportion is at all excessive when we compare such expenditures in relation to total revenues exhibited in Western nations. The point of view should be the capacity of the nation to bear the total taxation imposed on it. If the country can sustain that taxation, which I maintain Japan can do, then the expenditures for the combatant forces are no more extravagant than the allocations for similar purposes usual in the West.

Finally, one may point out the disappointment felt in the country that after what are considered enormous sacrifices during the war period, the tension is still maintained. Taxes have been augmented after the war, and the prospect is that they will be added to rather than reduced. Still the subject is being heroically treated. A criticism that would not be unjust would be that a somewhat unnecessary strain is being placed on the shoulders of the nation by the attempt to pay off the whole of the War debt within so comparatively short a time as thirty years.

One of the most debated subjects of recent times has been the nationalisation of the railways. When the Government has completed taking over all the lines it will own 6,411 miles of railway, the capital cost of which has been 411,560,000 yen, about £42,000,000. The amount of the public loan to be issued for the purchase of the 4,500 miles of private railways is calculated at not

less than 421,000,000 yen (£43,135,246), and it is intended to redeem this loan by means of the net profit accruing from the purchased railways. The entire loan will, it is computed, be redeemed within thirty-two years after the purchase of the railways, and the annual profit from the lines, after the complete redemption of the loan, is estimated at over 53,000,000 yen (£5,430,328). The whole policy of buying out the railroads has met, and still continues to meet, with a good deal of opposition in many quarters. A grievance that the public feels—and gives expression to its views from time to time—is the non-issue of the bonds for the purchase of the lines as they are taken over. Japan, in the summer and autumn of 1907, was passing through a financial crisis, or rather a Stock Exchange gamble, which induced financial trouble. It is alleged that the non-issue of these bonds has aggravated the situation. The shares of the various railways are recognised as negotiable securities by the Bank of Japan, but the bank will not advance money against them on the application of an individual. It will only do so when the shares come through the hands of other banks, and as the latter will not lend more than 60 or 70 per cent. of the market price of the scrip, the holder did not get all he desired on his collateral. The Japanese Government, we know, has always displayed a very fatherly interest in all such matters, and endeavours to lead or guide the public. The bonds have not been issued, and were thus not available for sale in the slump through which the share market passed. Had they existed, it seems reasonable to believe that they would have been extensively thrown overboard by speculators, as the tendency in financial crises is for holders of such stocks to throw them overboard, to enable them to hold on to industrials and other shares that are only saleable at certain (good) times. Many people are doubtless quite correct in their belief they have been held back to prevent a certain amount of discredit attaching to them if the price fell at the inception of their

issue. The bonds are 5 per cent. securities, issued at par. The purchase has to be completed within ten years, between 1906 (when the measure was carried through the Diet) and 1915, so that the Government cannot be compelled to issue the bonds instanter. From the time of purchase it pays the 5 per cent. that the bonds carry. It may be noted here that the purchase price is an amount equal to twenty times the sum obtained by multiplying the cost of construction at the date of the purchase by the average profit, to the cost of construction during the term from the second half of 1902 to the first half of 1905; also the actual cost of stores at current prices. Generally speaking, the purchase prices have proved to be higher than the original calculation. On the other hand, the profits have exceeded estimates. According to the 1908 issue of that excellent compendium, the *Financial and Economic Annual of Japan*, published by the Department of Finance, the number of passengers carried rose from 104,000,000 in 1904-5 to 125,000,000 in 1906-7; and the volume of goods traffic rose from 19,000,000 tons in 1904-5 to 24,000,000 tons in 1906-7. In the financial year 1906-7 the profit was 16,687,452 yen (£1,709,780), as against the estimate of 15,481,547 yen (£1,586,224), and in the year 1907-8 the actual receipts will exceed the estimated amount, which is 31,312,880 yen (£3,208,287); so that the profit from the purchased railways will be more than sufficient to pay the interest. The railway profit for the financial year 1908-9 is estimated at 37,054,470 yen (£3,796,565), of which that expected from the purchased railways is put at 24,831,075 yen (£2,544,168), and, as the total amount of interest payable on the purchase prices and debentures taken over from the companies is 24,043,146 yen (£2,463,437), there will be after the interest is paid, a surplus of 787,929 yen (£80,730).

In glancing at political matters in Japan, one's thoughts naturally turn first to the question of the Anglo-Japanese Alliance. A very short time after you

are east of Suez you will unmistakably have it brought to your attention that the spectacles used to view it are not those usually employed in the West. You will have it constantly placed before you that the alliance is entirely one-sided, and that Great Britain has obtained very little return for appending her signature to the renewed contract, beyond the right to lend money to Japan—a right that was shared during the war, when profits were to be had out of making loans, by both France and the United States. You will hardly gather a word in its favour all the way from Singapore to Yokohama, and you will get many condemnations of the policy, and the alliance. People generally did not look at what was on the other side, though there was another side; even if it was less tangible to them than the competition. The constant dripping of water has an effect on the stone, and one's belief in the alliance—held with a much stronger faith in the West than in the East—was shaken to a certain extent. It was certainly not strengthened when a Cabinet Minister in Tokyo remarked to you that people at home did not seem to believe in the alliance in the same way that they had done only a year before. Confidence in the alliance under all attacks may have led to doubts, and to more introspection as to its present and possible consequences, looked at as a one-sided affair, and that affair the British side. Had we gained anything from it beyond the ability to save a certain amount of money per annum by withdrawing the battleships from the China Station, and concentrating them nearer home, where the cost of maintenance was less—a move that some people considered mistaken policy? It seems to me that the matter cannot be summed up in such quantities. The two main facts, as far as British policy and British trade were concerned, are that it has kept China from disruption—that it has left that country open to the trade of all nations; the British trader asks no more than a fair field for competition without any favours. Secondly, it has undoubtedly

rehabilitated British prestige in the Far East, that is, in China. It is difficult often to persuade people of the value of prestige. Yet, if you cannot set it down in figures and add it up, it remains there just the same.

It is true that China is open to the insistently clamouring advances of Japan, to get as much as possible of that trade into her own hands. Many will say that Japan holds all the cards in this competition; that subsidies are given lavishly to steamers, that officials foster and encourage traders, and that traders are over-running the whole country. Each of these things is perfectly true, but in the competition you cannot prevent two things that must always be in favour of Japan. The one is geographical proximity, and the other is the advantage conferred by the use of the same script as the Chinese. Alliance or no alliance, you cannot take either of these factors away. They are valuable considerations, but they are very far from being the Alpha and Omega of success in the China trade. The Westerner is not to be ousted simply by these two indisputable facts. He has an accumulation of other factors that are not yet in the possession of Japan, and cannot be for a long time to come. With capital, backed by several generations of experience, he has some advantage, but he possesses a greater one in the constant mechanical advances that take place in the West in the manufacture of goods, and in the improvement of machinery. If for a time he is out of a market in China by reason of cheaper Japanese productions, he is not out of the market of supply of the machinery that enables Japan for the moment to do better than he can. My own view, begotten of that confidence which has brought British merchants and British manufacturers to the estate they enjoy, is that Japanese competition, severe though it may be, will only be maintained by Japan if Japan herself can keep up with the procession. It seems to me that both politically and commercially Japan has now a harder task before

her in the years to come than she has had since the Meiji era commenced. Nations, like individuals, are not allowed by nature to assume a fixed position. You must move—ahead or astern—according to your talents. Japan has now come to the standard, and it rests with her which way she moves. My own idea is that she will and must move ahead, but having attained the standard that places her beside the great nations of the world, she will find that to create for her own necessities in the future is more difficult than to come up to the requirements for such a position.

Japan has known how to play to the gallery in the past, and none has used the privilege more skilfully. She has always possessed this art, and never did it more effectually than during her great war with Russia. That *rôle* will have to be relinquished now, or, rather, is she strong enough to relinquish it and act according to her own achievements? The task either way is a difficult one, and the future is as interesting to the onlooker as at any time since she launched the barque of state on the new course. She has come to a parting of the ways, and she has to adjust her future policy to conditions that may be much the same, but that will have to be treated differently.

Count Hayashi, the ex-Minister for Foreign Affairs, recently commented on the change that is felt towards Japan, and expressed his surprise at the suspicion prevailing abroad concerning the alleged military expansion and aggressive policy of Japan, due to "astonishing ignorance of the real conditions in Japan." The hundred and one things attributed to Japan would only be possible if Japan were many times more powerful in every sense of the word. Alike in the political, the militant, and the commercial worlds, Japan has been credited with far more than is possible for her attainment. The British attitude towards Japan is defined. Politically and militarily we are allied; but that alliance will not prevent the keenest commercial rivalry in the great neighbouring

Empire of China. Some writers have pointed out that it is we who need awakening as much as the great mass of China. The degree may be different, but the necessity as great.

Since Japan completed her international arrangements with the French and Russian *ententes*, there remained only one political question, viz., that concerning the emigration of Japanese to the shores of America, whether to Canada or California. The matter has caused a good deal of race feeling, and newspaper comment has fanned the flame. The difficulties of the question are recognised as much in Japan as they are anywhere. Japan herself claims the right, and has only very recently acted upon that right, to exclude Chinese labourers from her own country. What she performs herself at home she cannot, and does not, deny to other countries; what she objects to is the discrimination against her nationals, and national dignity upholds her in this attitude. She very naturally desires to save her face, and that face can be saved by adopting some such measures as she herself imposes to restrict Chinese immigration to her own territory. Her regulations are to oppose Chinese coming in, but their application is alike to Chinese, Indians, Australians, Europeans, and all and sundry. Specific legislation is not passed, and she asks for the same treatment.

Japan has not disputed, nor does she now dispute, the right of any State to restrict immigration that it considers undesirable. She has herself prevented the matter becoming acute in regard to the United States and Canada. She has undertaken practically to suppress emigration. With the hold she has secured in Manchuria and Korea, where there is ample room for millions more people, and with her own undeveloped territory in Hokkaido, there should be no real pressure of surplus population if it is properly directed. She can, and does, control the destinies and movements of her people, just as she controls public opinion and political

movements. She has thus the means, and has employed it. In justice to her it should be pointed out at the same time that the numbers on the Pacific Coast, whether in the United States or in Canada, are not excessive; that many employers of labour prefer them as more steady workers, who stand to their rights but seldom give trouble. The agitation and hostile feeling may be traced almost entirely to professional labour agitators.

It will be unnecessary to go into statistics of trade figures to show how the foreign trade of Japan has greatly developed of recent years. That trade must increase. Moreover, with the completion of the Panama Canal not only will an impetus be given to Japan's direct trade with South America, but it will open new markets for her merchandise on the West Coast of Africa, so far afield does Japan now cast her eyes. Again, the exploitation of the resources of their respective countries through the extension of railways in the interior of China and Korea will improve Japan's trade more rapidly than ever. A comparison of the volume of the trade carried on with the different continents at the present time and a decade since, will show that the export trade has increased five-fold with Asia, and a little more than two-fold with America and Europe, while the rate of increase in the import trade has been 3.7-fold with Asia, 5.3-fold with America, and about four-fold with Europe. It will thus be seen that the trade has increased more with Asia and America than with Europe. Japan's commercial interests are largely extending southward through China, westward through Korea and Manchuria, and northward to Siberia and Saghalien.

Nature has been bountiful to Japan for the last few seasons, and given her splendid harvests, which have greatly assisted the economic condition of the country. Moreover, when bounteous crops fill the farmers' pockets they are much more generous in their purchases of silk, and less of that commodity is proportionately available for export abroad, though with the increase

in production, export figures increase. The cultivator may spend some portion on foreign imported luxuries, but the bulk will be in native silk for himself and family.

In connection with commerce another phase must be pointed out. The Japanese as a nation are still comparatively young at foreign commerce, though they have developed rapidly along this line, as they have in other spheres of life. They have greatly improved through their able commercial schools and technical education, but they have not yet acquired by long habit and experience the truth that has been borne into the Chinese, that in commercial affairs "Honesty is the best policy," and that in the long run it is certainly more profitable to adhere to the maxim. There must be still something wanting in the moral way when defaulting M.P.'s, dishonest municipalities, bankruptcies, etc., are looked on as being only "accidents"; unfortunate, perhaps, but no one seems shocked. The Japanese themselves are aware of their want, and deplore the slow growth of commercial morality among the Japanese nation as a whole. It is pointed out that those who built up Japan politically must also bear in their minds the necessity for creating a nation that is fit to move about among the advanced Powers of the world. Neither have the Japanese as a nation—there are always exceptions to prove the rule—any pronounced gifts of foresight in commercial affairs. They have admirably displayed the quality in political and militant matters, but in the world of trade and commerce they are, as a Japanese pointed out to me, too eager for immediate results. Everyone hopes and everyone tries in industrial and commercial ways to achieve success as rapidly as possible, but in many ways it is necessary to exercise the patience that is customary in the Orient, and that the Japanese so well display in other ways.

A magazine article, by the Bishop of South Tokyo, dealing with this subject, truly points out that what is lacking is an elementary idea of a contract as a thing

binding under all conditions according to the exact tenor of its words. The Japanese in general have so little idea of this that, over-sensitive as they are on many points of honour, they, except the few who understand the Western mind, are hardly sensitive at all on this. You may call a man a liar, or you may put a clause in a contract binding him not to wriggle out of the meaning of its terms by quibbles or legal technicalities without insulting him, and he will remain your friend; but if you struck him he would, in old days, have killed either you in revenge or himself in shame, and he will feel it as keenly now.

He goes on to say: "The Japanese fail miserably in the matter of keeping their word in contracts, and in foreign trade at least precise words precisely kept are necessary. Yet, strange as it may seem, this very failure of the Japanese is closely connected with the fact that until international trade came in to demoralise their dealings, the element of consideration for the other party was never absent from their contracts. It was not even expressed. It was always assumed."

Another point that the Bishop calls attention to is a lasting characteristic which stands in the way of their becoming a commercial nation with whom it will be satisfactory to deal. This is, that a man is very little honoured for his riches, and that the better classes dislike having to do with trade; so that, in fact, until the nation has learned to include, as we are apt to do, a good deal more of covetousness in their moral ideal—"they are likely to be better allies in danger than partners in commerce."

In the commercial development that has occurred, Yokohama, Kobé, and Osaka still retain their place. Yokohama has been doing better the last year or two as against Kobé, which came on so rapidly and threatened to overlap Yokohama by reason of its greater area of hinterland. Though trade has greatly developed, Japan's commercial centre of gravity has not, so far, shifted.

The three ports above mentioned, though not geographically in closest proximity to the regions where the greatest increase has taken place, still deal with, roughly, seven-eighths of the country's exports. That the course of events is infusing new life and activity into the extremities of the Empire is, however, indicated by the rise in the value of exports from all other ports of Japan.

And how does the foreign merchant fare in all this? Direct trade continues to increase, though unless manufacturers want to open direct relations, and have their own representative—as some indeed do—it is safer to act through the foreign agent on the spot. Most foreigners locally are alive to the fact that an increasing volume and proportion of the foreign trade must fall into Japanese hands. On the Japanese side there is, I imagine, a certain amount of race feeling in the matter. There is deep down the latent conviction that foreign help is proof of national incompetence, and that the nation remains under a certain species of disgrace in the eyes of the commercial world, so long as its import and export trade is managed by aliens. Many Japanese firms are now, and have for many years been, free of foreign guidance and of the foreign middleman. But the foreigner may confidently anticipate that, with a continuance of his own energies, he will be able to secure such portion of the total volume as will still render his sojourn in the country of some utility to himself. The volume through foreign hands at least increases, though it may not bear quite the same proportion as formerly. Japan seeks to restrict her imports from foreign countries. She has a high statutory tariff that will doubtless be increased rather than diminished. Revenue, of course, is her first object, but the tariff is likewise designedly protective. She wants to reduce her purchases, and, at the same time become, not alone her own supplier, but to fill the neighbouring markets and get even farther afield. It seems to me that whilst she pursues this course, she must also be a good buyer of machinery and appliances

necessary to her as a manufacturer. For all high-class producing machinery she has to apply to foreign markets, and as the production of this machinery does not exactly stop still, but is constantly being improved, Japan, to maintain her own position, will have to be a constant purchaser. If she is not, she runs the risk of losing her own manufacturing power. She could by tariff keep her own market closed, perhaps, but she forfeits the neutral markets, where she looks for her greatest trade. My own view is that she must continuously increase her purchases in this way, and that the foreign merchant will have a good field for himself in the supply of such material.

In her designs to further the trade of the country, the Government has bestowed much attention on the development of shipping. She had need also of the transport facilities furnished by a large mercantile fleet in the wars with China and Russia. The fleets have continued to progress, fostered by the subsidies conferred by the Government. A certain number of foreign officers are still employed in the foreign trade routes, but it is not for the reason that once existed—that Japanese were not considered capable of navigating the vessels and attending to the engines—but because the supply of duly qualified seafaring men is not sufficient for the services. As time goes on, the place of the foreign officer is being taken by Japanese, as they become trained. As has already happened in many other directions, the Japanese is getting rid of his educator and assuming the task himself. Forty years ago Japan scarcely possessed a seagoing vessel, and a decade later her marine was of very modest dimensions. Now she not only has many coasting vessels, but she has appeared as a competitor in the carrying trade on many of the world's oceans. She not only handles a victorious Navy, but she constructs vessels in her own yards that plough the waters of many seas. In the considerable growth of the tonnage under the Japanese flag, the Nippon Yusen

Kaisha (Japan Mail Steamship Company) has borne a very great share. It is not only the largest steamship company in Japan, but it is also one of the largest in the world. In point of tonnage it is only exceeded in a very few instances. Another company that has done much in the way of local communications and services to Korea, China, and Formosa, is the Osaka Shosen Kaisha, whilst the Toyo Kisen Kaisha is keeping abreast of the times by acquiring three vessels of 13,500 tons each, fitted with triple turbine engines for its service across the Pacific. Nothing is more remarkable, it may be noted, amongst recent shipping developments, than the increase of this trade across the Pacific, with its mammoth vessels. The number of steamers in this trans-Pacific trade has greatly increased, and many flags are participating in it. When the construction of the Panama Canal is completed, the growth must likewise continue. Japan collaterally benefits from the trade, apart from her own direct interest in it, as most of these vessels touch at one or more of her ports.

The desire of Japan to curtail as much as possible her purchases abroad is tempered by a desire to get foreign capitalists into the country to develop Japan's latent natural resources and industries. There is little doubt that if the disposition is to allow foreigners to enter really as partners into such industries, and reap the profits from them, if profits there be, instead of merely being loaners of capital for a certain stipulated rate of interest, that there should be many openings where advantages can be mutually conferred. With due precautions it should be possible for associations to be formed, but the numbers and classes of such ventures cannot be unlimited.

Already we have Armstrong and Vickers co-operating in two big enterprises with Japanese. Many others are under discussion, and some well on the way towards settlement. It is conceivable that such an association of Japanese and foreigners may be the means of allaying

national jealousies, if the profits that are expected to accrue from exploiting China are divided.

Those who were then conversant with Japan will remember when the new Treaties came into force in 1899 there were great hopes for the introduction of foreign capital; keen regrets were felt at the little that was introduced in the near succeeding years. The only money that came in was by Government loans issued abroad. Then slowly a railway company here and a municipal government there—for water works or harbour works—got off an issue; but the demand was still for more capital. The old cry, begotten in its day largely of fear that if foreigners were allowed free access to the country they would swamp the native element, gave way to the expression of disappointment that foreigners and their capital had not come, and that they showed very little disposition to do so. It must be distinctly understood that a foreigner's chances of success are no better to-day than they were before, if he essays, under economic conditions, which seem to present the most roseate of prospects, to enter into any industry himself, or with foreigners only as partners. It will only be in partnership or association with Japanese that he will reap any reward. In such cases the terms must be mutual. The ground, perhaps the raw material, and part of the capital would be supplied by Japanese, whilst the foreigners' share would be to provide the rest of the capital, the expert knowledge, and in many cases the necessary foremen for the proper running of the factory.

In short, the prospect is that in co-operation and not in competition are the best opportunities to be sought. Such a consortium will receive benefits when, in 1911, Japan will have regained her fiscal autonomy, and her manufacturers will get protection in their home markets.

There are other factors that must, however, be kept steadily in view. It is said that Japanese labour is cheap.

So it is, possibly (even at the rates now prevalent, which have been continually on the upward scale) when compared with the rates prevalent in Europe or America. Still it is getting dearer, when the lowest class of labour in the capital—men digging ditches or drains—receive c.50 or c.60 a day (1s. to 1s. 3d.). Such rates do not prevail in the country. When efficiency and volume of output are compared we get on to very debateable ground. I have seen men in engineering shops doing very good work indeed, equivalent to home work, but when it came to volume of output I could not get any very clear answers. The Government undoubtedly, in its dockyards and arsenals, obtains the best and most skilled labour in the country, and is probably better served all round than any company or factory. Some labour employers, men competent to form an opinion on such questions, have given it as their opinion that it was proximity of market rather than actually cheaper production which had assisted certain Japanese industries. The Japanese artisan, mechanic, or coolie now lives on a much higher standard than his father was brought up on. He is not, however, up to the standard of the European or American workman in his labour. He has necessarily to demand higher wages for his new standard, and as increasing industries absorbed the labour supply he received them. He is also better educated than the previous generation, and his accommodation is superior. Economically speaking, if a man is better educated, fed, and housed, his labour product should also be of a higher order. But in this connection it is certainly evident that to progress, Japan will have to pay greater attention to the higher education of her craftsmen. What has been done in the higher commercial world—and that is now bearing fruit—will have to be done for the worker in the industrial field. Japan suffers from a lack of trained foremen and workmen, men indentured to their trade and who reach a certain recognised minimum of efficiency in that trade. At

present anyone is taken, and if he is shortly discharged from his position as being inefficient he simply walks into another factory or works, where his incompetence may result in another discharge, or perchance he is tolerated because there is no one better to be had. If the industrial future of Japan is to reach its highest development, this question of the training of workmen and artisans for particular trades must be seriously taken in hand by the Government, which usually fathers and mothers all these things in Japan. Again, machinery and appliances are seldom kept as one usually sees them in Europe. The work may be turned out, but it is not cheap in the end if such valuable material is not efficiently handled. There is a certain slackness about, and if Japan is to keep abreast of European standards, and, above all, of the constant developments taking place in Europe, it will only be by paying proper attention to this matter.

Mr. Crowe, the British Commercial Attaché in Japan, in the course of a recent report, has called attention to the fact that the nation is gradually developing more luxurious tastes, and though this is perhaps a good sign in one way, it shows that there can be only a small margin, if any, left over after the operative has paid for his daily expenses. The result of this will be that wages will gradually have to be increased, and that in time one of Japan's chief advantages (the other being cheap coal) will disappear. It is often remarked that Japanese work for extraordinarily long hours. This is true, the average time being ten hours per diem, not including the time set apart for meals. It is doubtful, however, whether the actual amount of work performed during these long hours surpasses what the British workman can do in a shorter time.

Togo's men showed the world, as Nelson's men had proved a century before, that ships and guns are one thing, but that the supreme factor is the human who manœuvres the one, and is behind the other. So it is in the factory.

It is not only the machinery and the capital employed, but it is the man or woman that stands to tend the machine that capital provides which constitutes the real factor. He or she will have to be legislated for, if Japan is to attain the end aimed at industrially. The whole system wants reforming. The factories are often quite up to standard, but the hours worked, even allowing that the method of work is not so intense as, say, in Great Britain, the boarding conditions and often the food are not calculated to produce good workers; again, in the case of women and girls, now so largely employed in cotton mills, unless the present conditions are altered the next generation will inevitably have to suffer. With labour appreciating in price it is necessary that its quality should also improve.

In respect of the greatly increased cost of living in Japan Dr. Ourakami has furnished the *Economiste française* with a comparison of the monthly cost of maintenance of a family of four in 1887, 1897, and 1906. It is clearly shown that the cost of living has nearly doubled since 1897, and almost trebled during the last twenty years. For instance, the monthly rent of a suite of three rooms is represented as 2.50 yen in 1887, 4.50 yen ten years later, and 7 yen in 1906. Rice, which cost the family 2.77 yen in 1887, cost 3.30 yen in 1897, and in 1906 it involved an outlay of 7.20 yen. Other commodities have increased in much the same way, not allowing for any increase in the standard of living which has likewise advanced. The total cost of the family maintenance rose from 14.20 yen a month in 1887 to 22.03 ten years later, and to as much as 33.77 yen in 1906. It is not only these costs that have augmented for Japanese. The foreigner feels it in quite as aggravated a form, if indeed he does not really suffer more, as many articles of food and dress have been greatly appreciated by tariff changes. The advance in most things in Japan is also having the effect in another way of driving summer visitors from China ports to places like Tsingtau, Pei-tai-

ho, and Chefoo, rather than to Japan, because of the extra cost. It will not be long before it will also have its effect on the tourist class. Japan, apart from the attractions of the country and the people, was also moderate to live and move about in. Now the cost greatly exceeds what you can achieve in Switzerland, the Black Forest, and many districts in France.

Where the increased cost of living to Japanese is due to a higher standard of life, of diet, and housing, the nation is, of course, benefiting. It is assuredly increasing its general physique. The more liberal diet, the lessened amount of squatting about the floors, the more erect position assumed by using chairs or forms at school, and the more general extent of exercise are having their results. Fitness and physique were tried before Port Arthur, and on the rolling plains and hills of Manchuria. It is not only in the Services that exercise is carried on. Everywhere you may now see recreative sports being indulged in: baseball, football, lawn tennis, gymnasium. Sea-bathing in the summer is likewise popular to a degree before unknown. The open-air personal participation in games is doing much good in improving the physique, and producing a nation somewhat taller than their fathers and grandfathers.

CHAPTER XVIII.

THROUGH JAPAN.

Nagasaki — The Dockyard — Wakamatsu Steelworks — Kobe — Its Harbour Scheme — Osaka—Yokohama—Tokyo—The Ginza—Hibiya Park — Mental and Moral Changes — Patriotism—Japanese Characteristics.

COMING from China, my route naturally brought me first in contact with the original port of Japan's exterior commerce. At Nagasaki the even tenor of the way seems to be pursued. I do not infer that it is humdrum, but it has not caught quite the fever that one sees displayed in varying degrees at Moji, Kobé, and Osaka, or Yokohama and Tokyo. Had Nagasaki possessed, or had it created, other industries than the single one it can boast of, it might have secured more of this world's good things, though it will doubtless maintain its trade in marine products to China and Korea. The one bright spot is the Mitsu Bishi Dockyard and Engine Works, whose sphere of usefulness and development proceed apace. Originally founded by the late Iwasaki Yataro, these works have been added to and improved from time to time. When I saw the yard in 1900 its large dock No. 3 was only projected. Completed now it is some 700 ft., with an entrance width of 100 ft., and a depth on the sill of 30 ft. For some time it was the largest dock in the Far East, but now its dimensions have been slightly exceeded by the new Butterfield & Swire dock at Hong Kong, and equalled by the new Admiralty dock in the same colony. Electric drive has been completed, proving of

great use and advantage, besides concentrating power in one house. Two turbine shops have been erected, fitted with every modern appliance in the way of tool equipment. The building of new erecting and fitting shops and the extension of the boiler shop have also been taken in hand. The existing shear legs of 100 tons capacity are to be replaced by a hammer head crane of 150 tons capacity. Tsingtau, which has the like crane, will then have to share honours with its neighbour across the China Sea, in the possession of the largest crane in the Far East. Either crane is, I believe, unsurpassed in capacity in the world. When I saw the yard in the autumn of 1907 the considerable total of 116,000 tons of shipping was contracted for. In addition, the company was to construct a big floating dock to lift 15,000 tons for use at its works at Kobé, where it at present has a 7,000 ton floating dock. Another development at the yard is the construction of an experimental tank 430 ft. long, 20 ft. broad, and 12 ft. deep. The models experimented with for questions of speed curves, resistances of certain forms, etc., are made of paraffin wax. The equipment for the tank was ordered from a Glasgow firm. It may be noted that the three principal private shipyards in the country are the Mitsu Bishi Dockyard and Engine Works, with a branch at Kobé; the Kawasaki Dockyard Company, at Kobé; and the Osaka Ironworks, at Osaka. There are besides the Uraga Dockyard Company, at Uraga, in Tokyo Bay, the Yokohama Ironworks, and the Ishikawajima Shipbuilding Company, at Tokyo. In various other parts of the country there are over 200 private shipyards. Most of them are engaged only on small craft, in many cases of junk build and rig. The Government dockyards are four in number, situated at Yokosuka (Tokyo Bay), Kuré (Inland Sea), Sasebo (south-west coast in Kiushiu), and Maizuru (West Coast). New construction is principally carried out at the first two.

Quitting Nagasaki, my route was by sea to Kobé *via*

the Straits of Shimonoseki. Not far from the Straits are the Imperial Steel Works at Wakamatsu. The career of these works has been somewhat chequered, but they have steadily plodded on, and success now seems to be theirs. Lloyd's surveyor at Nagasaki has attended tests of the steel manufactured at the works. It is desired to have the product placed on "Lloyd's list of approved manufacturers of steel to be used in class vessels." These tests were completed by the end of 1907, and the works have, I believe, been able to achieve the desired standard.

The entrance to Wakamatsu Harbour is very narrow, opening to a basin about a mile across at its widest part. This basin, again, opens to a large lagoon some ten miles in circumference. It is on the eastern side of this lagoon that the Imperial Steel Works stand. The area of the works is about 330 acres, including some 82 acres recently purchased for enlargement. The position was chosen largely on account of its proximity to the Chikuho coal-fields, the most extensive coal-producing district at present in Japan. The ore used in the furnaces is hematite, with some magnetite and limonite. About 80 per cent. of this ore comes from the Tayeh mines, near Hankow, in China, under special contract with the Han-yang Iron-works, owners of the mines. Under present conditions the works are able to turn out about 90,000 tons of finished material a year. The original plans were for an annual output of 60,000 tons, but the increase of Government requirements necessitated a sensible extension of the original programme. In the course of the next five years it is confidently expected that the annual output will amount to 180,000 tons, *i.e.*, double the present output. The Imperial Navy Department takes most of the products, the remainder being purchased by the War and Railway Departments. Nearly all the materials for the building of ships of war are now turned out at the works; armour-plate has not, however, yet been made. The great military, naval, and industrial expansion of Japan is calling for an immense quantity of

iron. So far as the present developments indicate, it is impossible to provide sufficient ore from the mines of Japan and Korea to meet the expanding wants of the country. The consumption, against the small production in Japan, shows the dependence of the country upon foreign imports of raw and manufactured iron products.

The harbour approach to Kobé affords evidence that the renewed commercial activity of the last decade still continues. Anchored in the bay you may see every description of craft from the Pacific liner downwards. A glance ashore shows the handsome and conspicuous building of the Hong Kong and Shanghai Bank, situated on the bund, and a few lots away the big new building of the Oriental Hotel. No vacant plots on the erstwhile foreign settlement, and more houses on the hill tell their tale. Mention must also be made of the great success that has attended the establishment of Rokkosan, a hill resort six miles away. It makes quite a respectable little colony to itself, and it boasts of one of the most elevated golf courses, and at the same time one of the most sporting, in the world. Many a jaded Kobéite, and others from farther afield, will ever add their tribute to the founder of Rokkosan. Kobé is now very deeply in earnest as regards its harbour scheme. A year before my visit the Minister of Finance and the municipal authorities, on the occasion of the announcement of Government participation in the scheme, decided that September 16th should thereafter be celebrated as Kobé Day. His Excellency returned to the port on that day in September, 1907, and laid, with due ceremony, the foundation stone of the works. Their importance will be gathered when I say that they are expected to cost well over $3\frac{1}{4}$ millions sterling, and as such enterprises seldom get completed at their original estimated cost, Kobé and the Government are probably in for quite 35,000,000 yen.

The city of Osaka, the second city of Japan in point of size and population, is the commercial metropolis of the Empire. It rejoices greatly in the fact that it is

termed the "Manchester of Japan." It would appear to have proceeded steadily in the way of development. The numerous smoke stacks, at one time confined only to the Mint and the Government foundry for guns, now testify to the manufacturing life that is carried on. Cotton mills form the bulk, but other industries largely participate. There are now, I believe, nearly 1,200 factories in and around Osaka, and the city is very typical of the new era in the country, and of its new industrial life. Gone, apparently, in a few more years will be the domestic workshop, which has in the past been so pre-eminently in evidence in Japan. In regard to cotton mills alone there are now probably nearly 2,000,000 spindles in Japan, of which Osaka claims a large share. The greater part of the machinery is of the very best English make from Lancashire firms. The enterprises are practically all run now by Japanese, for there are scarcely any foreigners connected with any of the undertakings. Many of the factories are fine buildings, a number of the spinning and weaving sheds being superior to those in England, better lighted and better ventilated. Withal Osaka in general differs from the rest of Japan. The bulk of the population at present is in receipt of good wages, and can afford and does live better than it has done hitherto. The result is that people have a more independent bearing than you will see in most other parts of the Empire. The dream that the harbour works, which I saw in progress and fairly well advanced in 1900, would be completed in 1905 has not been realised. They have now been under construction for some ten years, and the designed facilities, if carried out in their entirety, will require several years more. It would seem the wishes that Osaka has indulged in have not yet been realised, though great progress has been made.

Passing on to Yokohama one found it proceeding on the even tenor of its way. Normal development proceeds apace, the trade grows, the shipping figures increase, banks are opened. By using the word normal I would

not insinuate that the port was in that beatific condition attributed to those who do not make history. It must not be thought that Yokohama lacks energy and pace. It keeps well up with the procession, as statistics show, and the class of men, and the grip they have of affairs, has not lessened since Rudyard Kipling wrote on the scene displayed at the club when the announcement was made of the failure of a well-known bank, in whose fortunes most were interested. They have probably to meet greater competition nowadays, not only from fellow westerners, but from native firms. They are struggling to do direct trade, and can, except in the case of some of the big Japanese firms, work cheaper than he is able to do. One factor is that they can staff their hongs at less cost.

The harbour improvements are being sedulously proceeded with. Only shortly after the breakwater arms were completed it was evident that the trade of the port required additional works. Further reclamation was commenced in 1899, and the completion of the first stage took place in 1905. The necessary steps were at once taken for carrying out the second stage, and making the corresponding land accommodation for the entire reclamation work as continuing undertakings during six years from 1906 inclusive. When these works are completed it is estimated that facilities will exist to deal with two million tons or more of goods per annum. It is intended to plan later on further extension work for the harbour. Yokohama is thus seeking to keep abreast of the times, and to accommodate the anticipated increase in shipping across the Pacific Ocean.

Tokyo, the capital, improved and advanced in many ways, has not made the same progress in road-making that it displays in other directions. Millions of yen are voted for railways and other ways of transportation and communication, but the oldest ways, the roads, are left more or less to take care of themselves. The city has now an excellent system of electric trams, by means of which you may travel from any one district of Tokyo

to any other for the modest sum of 4 sen (one penny), and for this you may change cars three or four times. Tokyo is now actively engaged in carrying out a very practical work which will be a great convenience in years to come. The overhead railway is in course of construction. It is designed to link up the railways now running to the capital from the north, south, and west in one central station. The situation is certainly central, and is located on the Iwasaki land adjacent to the offices of many of the large mercantile and shipping companies.

The Ginza, a mixture of Oxford Street and Regent Street rolled into one, has greatly changed its moods of late years, and it is only occasionally, here and there, that one recognises a bit of its former self. The little furrier shop on the old plan still deals in the same wares, but it is now a plate-glass fronted, fashionable emporium. It has greatly increased its importance—and its prices. Most of the street has been metamorphosed. Doubtless shopkeepers do more trade, and there is the air about that they do, but the street has lost much of its individuality. As with the Paris boulevards at certain seasons of the year, so it is with the Ginza—it is the pavement vendor that lends a certain air to the street. This stall-keeping community is still there with the quaint odds and ends of wares, their goods of a hundred and one household requisites and utilities, and the curios and modest articles de luxe, the netsukés, brasses, and other objects for the curio hunter. They at least remain to remind one of the general air and surroundings of the famous Ginza. Another feature to notice about the city is the growth of foreign style private houses. In very many instances one finds a foreign style front, with reception rooms, furnished in European style, whilst a purely Japanese house will be constructed at the back, where the family will reside. Various other improvements are also to be noted in Tokyo. For instance, the Hibiya Park, in the centre of the city, is a great improvement on the ragged piece of ground that was formerly

an eyesore. Other matters in the municipal world are likewise in contemplation. As one Japanese remarked to me : " We must hurry up and do them before land and labour become too expensive "

Finally I may say, as all will know, Japan has achieved much, and is on the threshold of further attainments. In one way further change has yet to come, for in the mental sphere improvements, though brilliant in many individual cases, are by no means general. The Japanese have adapted Western industrial methods which, it may be conceded, were often only a re-adaptation of crafts they were cognisant of under other conditions. But matters outside native genius show no special forward movement. In mental, moral, and social ways only small changes have to be noted, and in the most pronounced degree in the last-named category. They have, as a Japanese himself pointed out to me, accomplished, not without considerable trouble, a central re-adjustment along lines of a mechanical nature, but they have yet to accomplish the other parts. Looking back on one's own individual experiences, one can mark the growth achieved. It was my privilege to see the country first in 1878, when it was in a whirlpool of changes, thrown forward and thrown backward by the tussle that occurred in the Satsuma rebellion, and the events of a decade preceding it. In 1886 one noted less chaos and more concrete views as to what should be adopted ; but in most ways matters were still in a transitory and uncertain stage. The process of sifting what was necessary for Japan's own particular needs, instead of a blind acceptance of all that was foreign, no matter whether it was good or bad, was pursued in the succeeding years until after her first successful war had been fought in 1894-5, one could note the accomplished assimilation of material, industrial, and physical matters. This has become more accentuated during the last seven years, leaving the fuller development of mental, moral, and social attainments to follow, the germs of which are

slowly coming into evidence. I am naturally speaking in generalities. There are individuals who possess and display these qualities, but to the bulk of the nation they are unknown quantities. There is an abyss between the leaders in Japan and the ordinary people in such matters. Look at politics : outside a limited number who sometimes make their views and opinions heard in high quarters there is little between the leaders and the bulk of the people. The position is entirely different to what it is in the West, where the people will not be left out of political questions. In Japan it has been truly stated leaders and people "meet at the altar of a patriotism which is a cult when it is not a religion." The patriotism is excellent, but the whole spirit is as far from that of the West as the geographical distance that separates them.

Japan is oriental, but it does not lie within the enervating influences of the tropics, whose climate forces everything at a pace that the West knows not of. Students of Eastern character have noted the rush of the oriental mind at an age somewhat in advance of the usual period of quickening in the West. Like natural products, its growth is swift ; it develops at great pace and amasses with extraordinary speed. Then comes a pause, but too frequently no onward movement after that pause. These characteristics may be observed in India and Indo-China, less so in China and Japan. But it is a new movement Japan has taken on in the last half century. Unthinking panegyrists have ascribed to her attainments that have yet to be achieved, for a gap remains between the ideal standard and the assumed status. Will Japan nationally be an exception in her career ? Have we witnessed the rush of the national mind, and will there be a pause, and after that will the ascendant movement be resumed, or shall we have a repetition nationally of what one sees constantly individually in, say, India ? Climatically she has the elements in her favour, and for myself I think she has the characteristics to secure progressive movement.

CHAPTER XIX

HOKKAIDO.

Colonial Experiments—Agricultural Wealth—Fisheries—Minerals—
Hakodate—Growth of Otaru—The Capital, Sapporo—Muroran—Its
Projected Iron and Steelworks.

HOKKAIDO is still perhaps more generally known under its former name of Yezo. It is the large island to the north of Japan proper, and it possesses a sub-arctic climate. Previous to the Mieji era the island received practically no attention, and indeed even in the early years of that period but little was done. From the commencement of the eighties of last century more and more attention has, however, been bestowed on it. Its form of government has been remodelled several times, and considerable sums of money lavished to promote its material development. The resultant events have amply demonstrated the wisdom of such munificent policy, for improvement, if it has not been as rapid as might have been desired, has, at least, been unceasing, and the Hokkaido of to-day is altogether different from the Yezo of 40 years ago. There are many reasons why development has not been so rapid as might have been achieved. The two chief causes are want of capital and a greater flow of immigration. With the great developments in the industrial world in the southern and western portions of Japan—the creation of industries and factories in and around the capital at Osaka, Moji, and other places—attention and capital have been fully occupied with those

districts. There have not been, except in a few instances, either the capital or the energy to spare for the colder north. When they are more fully provided in the districts indicated we shall doubtless see more attention bestowed on Hokkaido. The other reason is the comparatively poor stream of emigrants that set out from the other parts of Japan for this northern colony, notwithstanding that the Government is liberal in its terms as regards land, and furnishes considerable facilities to the immigrant during the early years of his residence in the country. A leading factor to explain this is that the climate is severe, and Japanese from the south and west, where pressure exists to seek new fields, are not always able to maintain their health. For those who can do so, the rigours of the climate seem to benefit them greatly. Up north one sees a hardier race. One cannot, especially, fail to be struck with the greater height, erect and superior carriage, and healthy, ruddy colour of the women and children. The peoples of the northern portion of the mainland of Nippon can withstand the severity of the climate, but there is no pressure of over-population in those districts to make them leave that which to the Japanese is as dear as it is to the Chinaman—his own home, his own village, and his own surroundings.

The agricultural wealth of Hokkaido consists principally of beans, potatoes, hemp, millet, rice, and wheat. The fruits are extensive and good, and excellent apples, pears, cherries, and other varieties are raised. Sericulture is developing year by year. It is, however, more in the forest wealth and the minerals, principally coal, and also sulphur and oil, that the present developed wealth of the island has been proved. Particular mention should also be made of its fisheries, which are extensive, and a lucrative source of employment. Coal is the mineral which, according to present investigations, exists in largest quantities in Hokkaido. Development of the mineral has been largely the work of the Hokkaido Tanku

Kabushiki Kaisha, which is one of the largest coal producers in the East. It has prospered exceedingly, and proposes to go to greater lengths by working itself to first place as producer. In developing its properties it had constructed a fair length of railways. These have now been acquired by the Government under the railway nationalisation scheme. Freed of the railways the company has decided to devote its capital and energies to improve the harbours of Otaru and Muroran, to make additions to the company's fleet of steamers, and to increase the production of coal, so that the total output for the year 1909 will reach 1,800,000 tons. In 1907 the output was 1,000,000 tons, the big Yubari mine alone doing 600,000 tons.

Considerable official attention is devoted to the problem of education, and schools of all grades have been established. Even the remnants of the former inhabitants of the country are sought to be gathered into the educational fold. Cleanliness is one of the precepts taught and enforced at schools. As the humble Aino is not addicted, under normal circumstances, to bathing during his natural lifetime, he has dubbed the Government educational establishments "washing schools," for in them the pupils were instructed, as part of the curriculum, in the art of bathing. Seriously, to the education problem much attention is given. Considerable energy is devoted to the Agricultural College at Sapporo, now incorporated into the recently constituted North Eastern University. This institution has done much good work in the matter of stock-raising and improvement. The rich pasture lands of Hokkaido, a feature that is so lacking in Japan proper, are well adapted for breeding cattle and horses. Nowhere else in Japan may be seen so many Japanese on horseback as you may observe in Hokkaido. Dairy produce is being increasingly manufactured, and Hokkaido cheese is, like the butter you get locally, an excellent product.

Hakodate was for long the only port of any importance

in Hokkaido. Its younger rivals are now advancing at a greater relative pace. A disastrous fire in the latter part of August, 1907, will, it is to be feared, not improve its prospects. As is their wont, the Japanese exhibited cheery indifference whilst the fire swept away not only their homes, but often their entire worldly belongings; but then, before the ashes had cooled, they were at work on reconstruction. They are certainly philosophers on such occasions. Hakodate will doubtless always possess importance through the fishing industry and the export trade to China; but there are not wanting many who will tell you that trade is passing to Otaru and Muroran, and that Hakodate has seen its best days. It possesses one of the only two natural harbours in Hokkaido, its sister port of Muroran, a few hours' distance across the big Volcano Bay, being the other. Its natural advantages had been added to, and the harbour improvement works constructed. A patent slip to take vessels up to 1,500 tons, and a large dry dock that will take a battleship at high-water springs, are included in its facilities.

From Hakodate my route was by the railway to Otaru through a picturesque country, affording one some glimpse of the timber that is so valuable an asset to the island. The distance is not great, but the time occupied is $10\frac{1}{2}$ hours for the journey. There are some fair gradients to be negotiated as the line twists itself amongst the hills. Otaru is very prettily situated, the harbour being shaped like a crescent, with hills at the back of the town. Harbour works, designed to enclose a considerable area of water between the two horns of the crescent, have been in progress for some time. A very extensive export trade in timber—some coal also finds an outlet here—takes place from Otaru. Sleepers are extensively shipped to China, as also for use on the railways in Japan. A new avenue has recently been opened in the export of hardwood to Europe. This consists of several varieties, but oak, used mainly for furniture purposes, largely predominates. Otaru is growing fast, but what it sadly

lacks is some attention to its roads. They were distinctly the worst I have seen in any town of the same size in Japan.

Rather over an hour and a half is required by railway to do the distance between Otaru and the capital of the island. In laying out Sapporo the Japanese had a free hand. They selected the site and designed it as they pleased. It is situated on practically flat land that gives, however, sufficient slope for drainage and flow of water through it. The roads are broad and laid out at right angles. It has now a population of 60,000 persons, and it grows moderately rapidly as the country progresses, and the general population increases. The houses, shops, and general appearance of the inhabitants indicate a condition of fair prosperity. It possesses electric light, generated by water power not far away ; it is thus fairly cheap, and is in general use. Amongst its inhabitants you may see, but will not recognise any, Ainos. A few are there, but as they have been outwardly "Japanned," and are in Japanese dress, they are not specially distinguishable. They may be seen in moderate number, though scarcely in all their native simplicity, in a village not far from Sapporo. If you want really to see them you must go farther afield. Their numbers are constantly diminishing.

The most striking building in Sapporo is a large red-brick construction wherein are located the Government offices. It is known as the *Docho*, and the Governor-General has his office here, as well as practically all Departments of the Government. The next most imposing building, one that stands in its own grounds and possesses a pretty Japanese garden, is the Hoheikan. It was in this building that the Emperor stayed when he visited Hokkaido, and it still belongs to the Imperial Household Department. It has for some time been devoted to other uses. Here foreigners may stay, though Japanese are not permitted to do so. They may take meals there, but they must not reside. Many who either

like or want to try foreign food, take tiffin or dinner there. Sapporo is as yet young in industries. Its chief production is beer, but there is also a flax mill that it is hoped will create an industry, and there are saw mills.

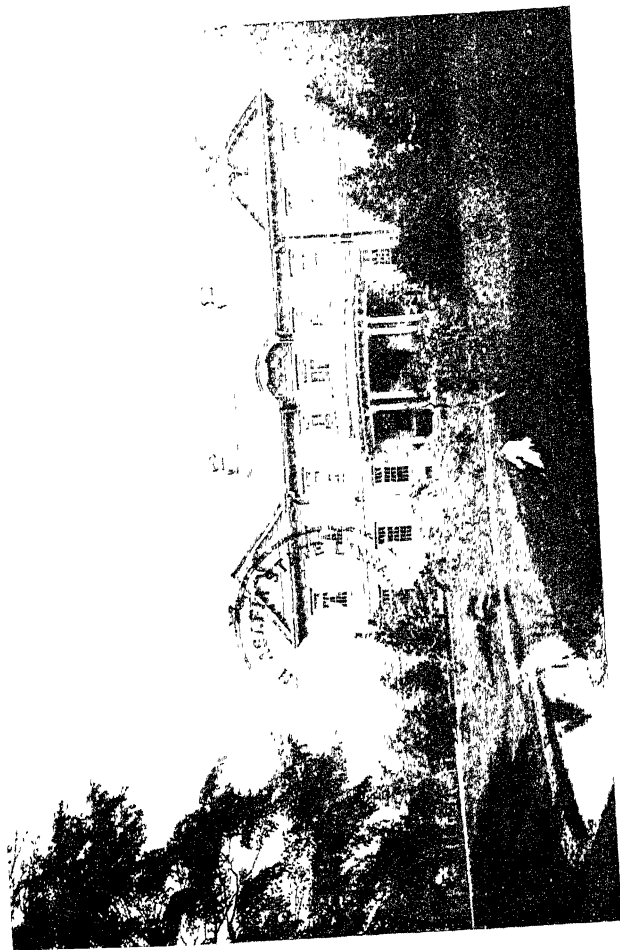
The Agricultural College, of which mention has already been made, is half-an-hour from the centre of Sapporo, situated in grounds resembling those of a university. It has detached buildings for the different sciences taught, and there is a small experimental farm where practical work can be undertaken. The college has done, and apparently continues to perform, excellent work that should produce men who can foster, by proper methods due to scientific training, the agricultural wealth of the country.

From Sapporo to Muroran, my next objective, is six hours by train. Due to the misfortune that I was unaware of the necessity of changing trains, I found myself well up in the north-east of the Ishikari Province. Result : I was, owing to time lost in going out of my way, time lost in getting back to the proper route, detention for some hours at the junction awaiting the train on, about 14 hours on railway premises. My baggage, more wise than myself, changed and went on by the proper connection. Still, one saw some good agricultural land with fairly prosperous-looking homesteads.

Situated on the south of the island and opening into the Pacific Ocean, Muroran seems specially designed as a door through which the treasures of Hokkaido may find their way to at least the Oriental world. Formerly only a small village, Muroran has now become a town of some dimensions and importance, the colonisation of Hokkaido and the development of the Yubari colliery having rapidly brought it wealth and population. A fair proportion of the lumber export of Hokkaido finds its outlet at the port. In quantity it about equals that shipped from Otaru.

Muroran is destined to become much better known in the Far East, and in a wider, perhaps, world area, if

the projected iron and steel works arrive at the successful issue anticipated for them. The pig-iron plant is to be erected at the north-east part of Muroran Harbour. It is proposed to work on the sand ore that lies in such immense profusion around the large, adjacent Volcano Bay. Muroran and Hakodate lie at the two points of the Bay, at the head of which is the volcanic mountain known as Komagatake. At first it is proposed to erect two blast furnaces with a capacity of 30 to 40 tons of pig-iron a day. The question of the extraction of the ore from the sand is still looked on as an experiment, and there are not wanting some experts who aver that it cannot be done. Should these two furnaces prove successful then four or more additional plants will be put up. The coke for the furnaces will be supplied from the Yubari mine. The second plant, that for the steel works, is to be erected on the eastern side of Muroran Harbour. This is the site of the establishment for the Armstrong-Vickers-Hokkaido Tanku combination. The works are to be erected partly on land leased by the Government, and, as to the other part, on reclaimed land. The railway runs at the back of the site, and affords ready communication with the existing island system. The reclamation to be carried out is extensive, but the water is shallow, the larger part only having 1 ft. 9in. on it at high water. Moreover, on the leased land there is a convenient hill that can be removed and used for filling-in purposes, whilst this land will itself afford additional flat surface. The initial works had already been commenced in the autumn of 1907. On this land a complete steel plant of the latest design will be erected to convert the pig-iron manufactured at the adjacent works. Either works, which are situated perhaps a mile apart, will have communication by railway passing through both of them, as well as water passage along the harbour. From the reclaimed land a pier will be constructed, at the end of which will be a stationary crane of the capacity of 100 tons. Along either side of the pier will be travelling



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cranes of 10 and 25 ton capacities. The whole scheme shows the tendency of the day for such combinations ; expert assistance and capital from the West, to be linked with the facilities and labour possessed by Japan.

CHAPTER XX.

KAMAISHI IRON MINE AND STEEL WORKS.

Kamaishi Harbour—The Works—Municipality—History of Undertaking—The Mines—Hills of Iron—Tramways and Inclines—Blast Furnaces—Steel Products.

COMING south from Hokkaido I paid a visit to the iron mines at Kamaishi. From Muroran I proceeded in one of the Iron Mine Company's colliers to the Harbour of Kamaishi. This is situated in the province of Rikuchu, on the east coast of the main island of Japan. Kamaishi has a picturesque harbour, formed by one of the numerous inlets from the sea common on the East coast of Japan. These all present the same characteristics of wooded hills, coming down steeply to the water's edge. They generally form good and secure harbours. At the head of the Kamaishi inlet the steel and iron works are situated. The iron ore is obtained from mines in the interior, but the location of the works has relation naturally to the easy receipt of coal and shipment of pig-iron or finished steel products. The coal comes entirely from the mines of the Hokkaido Tanku Company, in Hokkaido, three colliers constantly running to maintain the necessary supply of 500 tons a day. The village or small town of Kamaishi is really a species of miniature republic, with the general manager, Mr. K. Yokoyama, as its president. He is assisted by a council, selected from the heads of departments, who arrange all municipal matters, regulate the markets, and conduct the sort of general store that



LAKE IN RECREATION PARK, SAPPORO

is run to provide employés with every description of goods at a moderate cost. The community also has its own schools, technical school, and hospital. It looks after its own roads and the main road out to the mines, which is also the high road to the interior, and to the railway that runs down parallel to the coast at a varying distance inland.

The existence of iron ore was discovered in 1823, but the first record of any of it being treated by smelting is in 1849, when some was for the first time dealt with by purely Japanese methods. Count Nambu then worked the ore for a long time according to this process, but at the beginning of the Meiji period Nambu Badmio endeavoured to work after the European style. In 1874 he had erected two blast furnaces working with cold blast. These were designed by Mr. Takato Oshima (the father of Dr. Oshima, the late chief engineer of the Japanese Imperial Steel Works at Wakamatsu). The following year, that is in 1875, the plant was handed over to the Government, which proceeded to reconstitute the works. They were enlarged, and several English engineers engaged. But the works did not run well, and the scheme was abandoned in 1884.

It was in 1886 that the late Mr. C. Tanaka secured all the rights and property from the Government, and erected two small charcoal blast furnaces designed by Mr. K. Yokoyama, the present general manager. Mr. Yokoyama was not originally trained as an engineer, and he had practically no technical knowledge of the requisite methods of smelting iron ore. In spite of these disabilities he ventured to work without any expert assistance. Of course, there was no iron metallurgist in Japan at that time. He met with several failures and a good many difficulties, but at last he succeeded. He is now a man of nearly 60 years of age, and one can see by his manner and methods of doing just the ordinary things of everyday life that he is a man not easily daunted. Quiet and courteous in demeanour, he possesses, in a

degree not always exhibited by his countrymen, a doggedness of purpose that has brought the works to their present condition.

From the works at Kamaishi to the mines themselves is a distance of some 12 miles. With my cicerone, the manager of the smelting department, I took my seat in a diminutive sort of railway bus, that is used as a train either way each day. We were favoured in having a "special" to ourselves, and started to do 10 miles by this conveyance soon after 8 a.m. It is an up-gradient all the way. Ponies are the means of haulage, though it is suggested to put on locomotives which should certainly do the work at a less cost. The ore trucks, which carry something like a couple of tons of ore apiece, are hauled up empty by ponies. The return journey is made by gravitation, the pony coming back tethered to the side of the truck. Each truck has its own coolie, though occasionally two trucks will be looked after by one man. Each truck has its own brake, and too hazardous a pace on the part of some adventurous Jehu is prevented apparently by the fact that the pony has to keep up with his truck. About half-way to Obashi, where the mine office is situated, is a charcoal station, where that fuel is collected. The mine manages to gather in about 70 to 80 tons a month. Most of the near country is, however, denuded of suitable timber for conversion to charcoal, which is cheaper than coal, but cannot be got in sufficient supply. Some further supplies are got in the surrounding districts, brought to Kamaishi largely by water.

We had so far come on a fairly easy gradient up the valley, but the next two miles were much steeper, and the distance on either side to the hills much reduced. Indeed, it reminded one of a narrow glen in Scotland, the scenery being similar, and often of rare beauty and picturesqueness. The suggested locomotive power would probably not operate on this section. The two miles traversed, one alighted at the foot of an incline 142 yards long at an angle of 35 degrees. Above this another railway went for some

half a mile or more to another incline 330 yards long, and set at an angle of 38.50 degrees. Another tramway—all these lines are worked by gravitation on the down gradient, and by ponies up—brought us past the entrance to the Yawoyama mine (which is not being worked much at present) to the Shinyama mine. Here active work was in progress at two levels. At the ground level was a huge cavernous opening like the entrance to a great tunnel, 40 ft. high and 36 ft. broad, whilst it was some 100 yards deep. This big hole had been made by extracting the ore. The lower level was reached either by a shaft from above or at its own level in the hillside below, where the spoil was brought out. From Shinyama a short walk along the line brought us to the third incline, 290 yards long, set at a gradient of 37 degrees. Having proceeded up this, one got into another truck, passing shortly after through a tunnel in the hills 360 yards long. This brought you out on the inland side of the range, where you were at the Sahinai mine, another deposit rich in high-grade ore. It is an open mine in the hillside. A hundred, or may be 150 ft. below, and somewhat to the right of the Sahinai mine, is the Motoyama mine. The winnings from this mine are conveyed by an aerial ropeway right over the hill (that through which the tunnel is excavated at another spot), discharging its buckets into trucks almost opposite the mine office at Obashi. Thence it goes by gravitation to the works at Kamaishi, as in the case of the other ores. There is another mine comprised in the group, and the total available quantity of ore deposited in the hills, which are often practically all iron ore, is estimated at between 7,000,000 and 8,000,000 tons, giving, as far as is known, an average of 60 per cent. of iron ore. Copper is also found, and the ore specially picked over for treatment at Obashi. There is also sulphur, but it is not treated, though a good deal exists in some of the ore. Having gone round, there was just time on our return to Obashi to see the old blast furnace where the ore was first smelted under the present manage-

ment. As I have said, it was purely of Japanese design, workmanship, and erection, without any foreign aid whatever. It is a monument to the enterprise and assiduity of Mr. Yokoyama. An hour's run on the railway on the down grade from Obashi brought us back to Kamaishi. It was the end of a perfect autumn day, that closed in to an exceedingly brilliant sunset, with just that suspicion of autumn mist one gets in October.

The ore deposits, received at the works at Kamaishi are treated in one of eight of the blast furnaces. These have varying capacities from 10 to 60 tons of pig-iron per 24 hours, and a total capacity at full blast of 172 tons per day. The normal production runs about 100 tons per 24 hours, day and night shifts being employed. Of the product some portion is used for conversion into steel at the works, and turned into various products; another portion is used in the foundry; the Imperial Steel Works at Wakamatsu are regular buyers; shipments during both 1906 and 1907 have been made across the Pacific to the United States; and the balance is sold either at Tokyo or Yokohama.

The steel converting plant consists of two Siemens-Martin furnaces. There are at present two small roll mill plants. Another, and a larger, plant was in course of erection at the time of my visit. The engines for this consisted of a set of marine engines which had done some duty on board ship already. The rest of the plant had been made at different engineering works in Japan, and, as the engines had also been made in the country, the plant had in reality been entirely constructed in Japan, though some of the materials used in its manufacture had been imported from abroad. The building in which the roll mills are placed was originally the wrought-iron shop in the time of the English engineers already referred to.

The foundry work forms a large part of the total work in the yard. The greatest capacity for a casting is three to four tons. Pipes for waterworks, gas mains, and such

purposes, now largely in demand in Japan, are extensively made. They can be produced up to 28 in. diameter. Another fairly extensive industry is the manufacture of large iron pans—huge boilers—for cooking rice in large quantities. About four thousand of these are turned out in a year. They are made entirely on a Japanese process of moulding, which has been in force in the country since time recordeth not. Another industry, started not long since, was the manufacture of Japanese iron kettles. Anyone who has visited Japan knows how universal is the use of these kettles, and how quaint and attractive these productions often are in design. It is special work making the moulds, and skilled workmen have to be employed.

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